VOLTA FINANCE LIMITED

INTERIM REPORT AND ACCOUNTS
FOR THE PERIOD 1 AUGUST 2011 TO 31 JANUARY 2012

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FORWARD-LOOKING STATEMENTS

This interim report includes statements that are, or may be considered, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "plans", "expects", "targets", "aims", "intends", "may", "will", "can", "can achieve", "would" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this interim report, including in the Chairman's Statement. They include statements regarding the intentions, beliefs or expectations of the Company or the Investment Manager concerning, among other things, the investment objectives and investment policies, financing strategies, investment performance, results of operation, financial condition, liquidity prospects, dividend policy and targeted dividend levels of the Company, the development of its financing strategies and the development of the markets in which it, directly and through special purpose vehicles, will invest in and issue securities and other instruments. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's actual investment performance, results of operations, financial condition, liquidity, dividend policy and dividend payments and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this document. In addition, even if the investment performance, results of operations, financial condition, liquidity, dividend policy and dividend payments of the Company and the development of its financing strategies are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause differences include, but are not limited to: changes in economic conditions generally and in the structured finance and credit markets particularly; fluctuations in interest and currency exchange rates, as well as the degree of success of the Company's hedging strategies in relation to such changes and fluctuations; changes in the liquidity or volatility of the markets for the Company's investments; declines in the value or quality of the collateral supporting many of the Company's investments; legislative and regulatory changes and judicial interpretations; changes in taxation; the Company's continued ability to invest its cash in suitable investments on a timely basis; the availability and cost of capital for future investments; the availability of suitable financing; the continued provision of services by the Investment Manager and the Investment Manager's ability to attract and retain suitably qualified personnel; and competition within the markets relevant to the Company. These forward-looking statements speak only as at the date of this interim report. Subject to its legal and regulatory obligations (including under the rules of Euronext Amsterdam), the Company expressly disclaims any obligations to update or revise any forward-looking statement (whether attributed to it or any other person) contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based. The Company qualifies all such forward-looking statements by these cautionary statements.

INTERIM HIGHLIGHTS

- Net Asset Value ("NAV") of €137.9 million (€4.46 per share) at 31 January 2012, a decline of 3.3% from €142.6 million at 31 July 2011. Overall, after taking into account the amount of dividend paid in cash during the period (€6.4 million), this reflects a positive performance of 1.2% for the period
- A dividend payment of €0.22 per share for the semi-annual period from 1 August 2011 to 31 January 2012 will be made in April 2012
- Net profit of the Company for the semi-annual period was €16.0 million, or €0.52 per share, taking into account recognition of the following significant items: effective income of €12.2 million; a positive adjustment of €2.3 million to previous estimates of effective income; a net positive impairment adjustment of €0.8 million on previously impaired assets; a net gain of €4.5 million on foreign exchange retranslation and revaluation of foreign exchange derivatives; a mark-to-market loss of €2.6 million on financial assets designated at fair value through profit or loss; net realised gains on sales and partial redemptions of €0.2 million; and net operating expenses of €1.3 million
- The investments held by the Company generated €15.6 million of interest or coupons during the semi-annual period
- Over the period, the investment strategy has been to invest cash mainly in CDOs[1] following the stabilisation of market conditions. The cash holdings were €2.6 million at the end of the semi-annual period against €8.9 million at the beginning of the period
- During the semi-annual period, the Company purchased assets for €15.3 million, sold assets for €4.0 million and redeemed assets for €0.1 million, which continued to increase its asset base
- As of 31 January 2012, the Company held investments in three underlying asset classes (CDOs, Corporate Credits[2] and ABS[3])
- The Company intends to continue pursuing investment opportunities that are consistent with its objective of paying a dividend in line with the annual 10% objective described in the Chairman's Statement whilst at the same time increasing its asset base
- Operating expenses as a percentage of average NAV for the semi-annual period ended 31 January 2012 were 0.91% compared to 1.16% for the semi-annual period ended 31 January 2011

Definitions:

[1] Collateralised Debt Obligations ("CDOs"), which class of asset includes Collateralised Loan Obligations ("CLOs")

[2] Collateralised Synthetic Obligations ("CSOs" or "Corporate Credits")

[3] Asset-Backed Securities ("ABS")

CORPORATE SUMMARY
FOR THE PERIOD ENDED 31 JANUARY 2012

THE COMPANY

Volta Finance Limited (the “Company”, “Volta Finance” or “Volta”) is a closed-ended limited liability company registered in Guernsey under The Companies (Guernsey) Law, 2008.

The Company is an authorised closed-ended collective investment scheme.

INVESTMENT OBJECTIVES

The Company’s investment objectives are to seek to preserve capital and to provide a stable stream of income to its shareholders through dividends that it expects to distribute on a semi-annual basis. Subject to the risk factors that were described in the Company's Initial Public Offering (“IPO”) Prospectus and the risk factors that are described in Note 21, it seeks to attain its investment objectives by pursuing a multi-asset class investment strategy, although investments made during the period were predominantly concentrated in assets leveraging Corporate Credit exposures. The investment strategy focuses on direct and indirect investments in, and exposures to, a variety of assets selected for the purpose of generating cash flows for the Company. Whilst the Company's investment objectives remain unchanged, as stated in the Chairman's Statement and the Investment Manager's Report, considering the discount to par at which most of these assets could be purchased, part of the expected return for most of the recent and future investments may come from back loaded cash flows corresponding to principal payments in addition to expected ongoing cash flows. The assets that the Company may invest in either directly or indirectly include, but are not limited to: Corporate Credits; sovereign and quasi-sovereign debt; residential mortgage loans; automobile loans; student loans; credit card receivables; leases; and debt and equity instruments in infrastructure products (the “Primary Underlying Assets”). There can be no assurance that the Company will achieve its investment objectives.

The Company’s approach to investments in these Primary Underlying Assets is through vehicles and arrangements that essentially provide exposure to portfolios of Primary Underlying Assets. In this regard, the Company instructed AXA Investment Managers Paris (the “Investment Manager” or “AXA IM”) to pursue the Company’s investment strategy for the semi-annual period covered by this report by concentrating on three asset classes among the “Primary Target Asset Classes”: Corporate Credits; CDOs; and ABS. As at the end of the semi-annual period, the Company held assets in its portfolio divided amongst those three Primary Target Asset Classes: Corporate Credits; CDOs (almost all of which are exposed to leveraged loans); and ABS.

THE INVESTMENT MANAGER

The Investment Manager is authorised by the Autorité des Marchés Financiers as an investment management company and its activities are governed by article L. 532-9 of the French Code Monétaire et Financier. AXA IM is an investment manager with a team of experts concentrating on the structured finance markets.

ASSET VALUES

At 31 January 2012, the Company’s NAV was €137.9 million, with the NAV per share amounting to €4.46. The Company publishes its NAV on a semi-annual basis and its Gross Asset Value (“GAV”) monthly.

NAV is an expression of the total value of the Company that takes into account the current fair value of the Company’s investments, accruals for debtors and the amount of the Company’s liabilities. The Company’s NAV at 31 January 2012 can be seen in the Statement of Financial Position on page 23 (“Total shareholders' equity” line).

GAV is an expression of the Company’s value that only takes into account the fair value of the Company’s assets. GAV, which is published by the Company on a more frequent basis than NAV, may be a useful point of reference in light of the relatively small amount of the Company’s liabilities.

DURATION

The Company has a perpetual life.

WEBSITE

The Company's website address is www.voltafinance.com.

LISTING INFORMATION

The Company's ordinary shares are listed on Euronext Amsterdam by NYSE Euronext ("Euronext Amsterdam") (website: www.euronext.com).

The ISIN number of the Company's listed shares is GG00B1GHHH78.

The closing price of the Company's listed shares quoted on Euronext Amsterdam at 31 January 2012 was €3.49 per share.

The average closing price of the Company's listed shares quoted on Euronext Amsterdam over the semi-annual period ended 31 January 2012 was €3.41 per share.

PROVISIONAL FINANCIAL CALENDAR

22 March 2012	Announcement of results for the semi-annual period ended 31 January 2012 and publication of the interim report
21 March 2012	Ex-dividend date
23 March 2012	Dividend record date
19 April 2012	Dividend payment date

CHAIRMAN'S STATEMENT

During the semi-annual period ended 31 January 2012, Volta continued to demonstrate its ability to create value for shareholders in these still challenging and uncertain times for financial markets and the global economy.

The value of the Company's assets was almost stable, but cash generation from its assets increased significantly. Over the period, the NAV went from €142.6 million as at 31 July 2011 to €137.9 million as at 31 January 2012 and the Company paid a dividend of €6.8 million, or €0.22 per share, of which €6.4 million was paid in cash and €0.4 million was paid in shares.

During the semi-annual period the Company continued to focus its investments predominantly on assets that are principally exposed to Corporate Credit risk.

Actual interest and coupons collected from Volta's assets increased from €12.8 million to €15.6 million over the semi-annual period. Annualising the latest six-month period, it represents more than 1 Euro per share.

The Company's profit was €16.0 million (or €0.52 per share) for the semi-annual period ended 31 January 2012, compared to a profit of €12.4 million for the previous semi-annual period ended 31 July 2011.

During the semi-annual period, the Company's investment strategy was to take advantage of market opportunities to invest most of the cash that was available as well as executing some asset switches in order to increase or stabilise Volta's expected asset cash flows. Through this investment strategy, the Company was able to increase its asset base by €22.6 million (€0.73 per share) over the semi-annual period.

€2.6 million was held in cash at the end of the semi-annual period, compared with €8.9 million at the end of July 2011.

The Board remains committed to transparency and continues to offer a high level of information on the Company's assets and investment strategy. In addition, over the semi-annual period, the Company had regular contact with equity analysts in order to improve the coverage of the Company by the financial community.

Dependant upon a successful outcome of the EGM that will be held on 23 April 2012, the Company, as publicly announced on 12 March 2012, intends to enter into a contract with a broker to pursue an improvement in the liquidity of its shares through a Liquidity Enhancement Contract.

The Board remains, as usual, available to address shareholders' questions via conference calls such as the one to be held after the release of this report.

DIVIDEND

The Board of Directors of Volta has decided to pay a dividend of €0.22 per share, which amounts to €6.8 million for the semi-annual period ended 31 January 2012. This payment is based on the Company's current general objective to pay, to the extent possible and reasonable, a dividend of approximately 10% per annum of the Company's NAV excluding cash at the end of the relevant period. The payment of any dividend by the Company is subject to the satisfaction of a solvency test as required by The Companies (Guernsey) Law, 2008. Shareholders will have the option of receiving this dividend payment in either cash or Volta shares.

OUTLOOK

At the time of writing, taking account of the proposed dividend payment, the Company can be considered as almost fully invested. Considering the current economic and financial situation, the Company will focus on re-investing ongoing cash flows when they are received, whilst managing its cash or near-cash position for dividend payment purposes as well as to honour other financial commitments.

In accordance with the Investment Manager's advice, the Company intends to favour assets that are expected to have ongoing stable cash flows at the time of purchase. Volta will continue to consider investments for which redemption of principal is expected to form a significant portion of the anticipated total return. It should be expected, considering the valuation of CLO tranches at the time of writing, that the Company will continue investing in such assets. However, other structured finance assets leveraging Corporate Credit exposures will also be considered.

Depending on the ability to execute trades at reasonable prices, some trades are likely to consist of switching positions into transactions which, at the time of the switch, the Investment Manager considers to offer better value.

JAMES GILLIGAN

Chairman

19 March 2012

INVESTMENT MANAGER'S REPORT

1. OVERVIEW

During the semi-annual period, Volta continued to invest predominantly in assets that give access to corporate credit exposures and succeeded in increasing both the generation of cash flows coming from the assets and the size of the Company's asset base. The NAV of the Company went from €142.6 million (€4.63 per share) to €137.9 million (€4.46 per share) after the payment in January 2012 of a €0.22 per share dividend.

GENERATION OF CASH FLOWS

- **Volta's assets generated €15.6 million of interest or coupons over the semi-annual period.**

It represents 10.9% (21.8% annualised) of Volta's beginning of period NAV and should be compared to €12.8 million in the previous semi-annual period.

Volta should continue to receive a significant amount of interest and coupons relative to its NAV in the upcoming semi-annual period. Furthermore, it should be noted that close to 53% of Volta's end of period GAV is made up of debt assets bought at a significant discount to par for which redemption of principal amount, rather than ongoing coupons, are expected to account for a significant portion of the anticipated rate of return on the assets.

DIVIDEND PAYMENTS STABILISED IN LINE WITH THE VALUE OF THE ASSETS

- For the semi-annual period ended 31 January 2012, Volta's Board has decided to **pay a dividend of €0.22 per share (€6.8 million) in April 2012**, the same amount as the dividend paid in January 2012 for the semi-annual period ended 31 July 2011.
- Volta shareholders will have the possibility to receive this dividend payment either in shares or cash depending on the wishes of each shareholder.

During the semi-annual period, the amount of actual coupons and interest payments received by Volta represented 2.3 times the dividend payments, demonstrating Volta's ability to pursue an investment strategy that facilitates a consistent dividend policy coupled with an increase in the total asset base of the Company.

INVESTMENTS WERE MADE AT AN EXPECTED IRR OF 16%

- **Volta purchased the equivalent of €15.3 million in investments (€22.2 million of nominal), sold the equivalent of €4.0 million of assets (€4.4 million of nominal)** and received partial redemption of principal amounts for the equivalent of €0.1m (excluding the management of short-term ABS positions)
- **The average expected internal rate of return ("IRR") of Volta's purchases during the annual period was 16%**

During the semi-annual period, Volta diversified its investments. Corporate Credit assets represented 70% of its purchases.

Thanks to the ability of Volta to purchase assets at significant discounts during the semi-annual period, the **total nominal amount of Volta's assets, including cash, increased by €22.6 million from €208.1 million (€6.76 per share) to €230.7 million (€7.49 per share),** including a positive translation effect from US dollar to Euro of €11.4m.

All investments were of assets for which, under a reasonable default scenario run at the time of purchase, full principal payment was expected at maturity. This assumption is still valid at the time of writing this report. Considering current opportunities in the market and assuming no heightened economic crisis, Volta's ability to increase the principal amount of its assets is likely to slow down compared to the latest period but should remain in the area of €5 million to €10 million for the next semi-annual period.

THE NAV OF THE COMPANY WAS STABLE DESPITE RISING UNCERTAINTIES ON THE OVERALL ECONOMIC PICTURE

- During the annual period, **Volta's NAV went from €142.6 million, or €4.63 per share, at the end of July 2011 to €137.9 million, or €4.46 per share, at the end of January 2012.**

This modestly positive performance, after taking into account the €0.22 per share dividend payment made in January 2012, reflects a decrease in prices of Volta's assets despite the continuing improvement on the cash flows coming from these assets. This bifurcation between prices and cash flows is the direct consequence of the overall increase in uncertainties during the semi-annual period, in line with the development of the Euro sovereign crisis and the economic slowdown that has been observed. The choice of the Company to re-invest predominantly in assets where performance relies mostly on corporate credit exposures seems to be appropriate. Any further improvement concerning the Euro sovereign crisis or regarding the overall global economic picture should be reflected in Volta's NAV. On average, fundamental measures of Volta's asset quality (WARF of the underlying corporate credit portfolio or overcollateralisation tests for example) did not deteriorate during the semi-annual period under review.

1. OVERVIEW (CONTINUED)

THE NAV OF THE COMPANY WAS STABLE DESPITE RISING UNCERTAINTIES ON THE OVERALL ECONOMIC PICTURE (CONTINUED)

According to various default scenarios (detailed in Section 4 hereafter) linked to the ratings of the underlying portfolios, it can be considered that **Volta's end of period NAV still reflected stressed scenarios in terms of default and a significant discount rate** on the cash flows resulting from these scenarios.

NEAR TERM EXPECTATIONS

At the end of the period, the prevailing situation in Europe and in the US was somewhat different. Twelve-month rolling default rates for US-based corporate entities continued to decline but were increasing for Euro high yield names. At the time of writing, rating agencies and most market participants anticipate that such a situation could carry on for a few years, forecasting for European speculative names default rates 2-3% above the respective US forecasts. This situation is fully reflected in Volta's asset prices. For example and on average, Volta's European debt of CLO, an asset class for which no loss could be expected under current rating agencies' central scenarios, was priced at 53%, against 71% for US dollar assets at the end of January 2012. Hence, any improvement in the European situation should be positive for Volta's assets in terms of valuation. Considering that defaults in the US are still expected to stay below or at historical average, cash flows received from Volta's assets should continue to be significant, similar to those observed during the semi-annual period under review.

Given the current economic and financial situation, the Board has instructed the Investment Manager to focus its attention on two main objectives for the coming annual period:

- improve the expected cash flows from the Company's investments through various asset switches while considering the diversity of assets held by the Company; and
- re-invest the ongoing cash flows generated by the portfolio in order to pursue diversification and increase the asset base while keeping in mind the need to finance future dividend payments.

An indication of important events that have occurred since the end of the financial year is provided in Note 24 of the Notes to the Unaudited Condensed Financial Statements.

PAST PERFORMANCES

As a listed company investing mainly in US dollar and Euro corporate assets, Volta's performance bears comparison with both equity and high yield bonds indices. As of the end of January 2012 the performance was as follows[1]:

	1 year	2 years	3 years	5 years
	%	%	%	%
GAV performance (including dividend payments not re-invested)	8.5	82.9	183.0	(37.1)
Share performance (dividends not re-invested)*	4.8	191.0	995.0	(45.9)
Share performance (dividends re-invested in the share)*	**4.8**	**202.2**	**1,211.4**	**(1.9)**
S&P 500 (dividends re-invested in shares)*	4.2	27.3	69.5	1.6
MSCI Euro (dividends re-invested in shares)*	(13.0)	(2.0)	28.6	(27.4)
US High Yield Bonds (H0A0 index on Bloomberg)	5.2	21.9	84.4	45.0
Euro High Yield Bonds (HE00 index on Bloomberg)	(3.1)	8.4	92.1	33.3

* Figures given by Bloomberg using the TRA function.

[1] No statement in this comparative table is intended to be nor may be construed as a profit forecast. The figures provided relate to previous months or years and past performance is neither a guide to future returns nor a reliable indicator to the future performance of the Company or the Investment Manager.

1. OVERVIEW (CONTINUED)

PAST PERFORMANCES (CONTINUED)

Overall, since Volta's launch in December 2006, the performance of an investor re-investing its dividend in the share is not far different from one of the large equity indexes. Considering the fact that structured finance assets were the hardest and the first to be hit in 2007/2008, the performances of Volta over the most recent annual periods (one, two and three years) was respectable relative to large equity indexes.

Despite the absolute and relatively good performance of Volta for the semi-annual period under review the Investment Manager will not receive performance fees for this period as the asset performance is below the required performance threshold. Performance fees are based on the performance of the assets, as measured by the Distribution Income, and depend upon semi-annual and bi-annual performance measures (see more detail about the Distribution Income on pages 52 to 55).

GENERAL OUTLOOK

When conducting the investment strategy during the semi-annual period under review, the Company pursued the following:

- increase the diversification of its portfolio (from 63 assets at the beginning of the annual period to 69 assets at the end of the period) with investments mainly in the Corporate Credit area after years of investments in CLO tranches;
- increase the nominal amount of Volta's assets;
- increase the ability of the portfolio to better resist economic or financial stress (most of the investments during the period concerned tranches of Corporate Credit that have subordination to losses);
- increase the level and the stability of ongoing interest and coupons received by the Company (€15.6 million of interest and coupon payments received during the semi-annual period); and
- maintain a level of expected return in line with the Company's objectives.

At the time of writing it appears that discount margins of structured finance assets have increased due to uncertainties regarding the financial and fiscal situation of developed countries. This situation widens the range of investments that could be targeted by the Investment Manager. As in the past, Volta should be well placed to exploit such a situation given that it has access to experienced investment teams, few constraints in terms of ratings and almost no liabilities.

A description of the principal risks and uncertainties that the Company faces is provided in Note 21 of the Notes to the Unaudited Condensed Financial Statements but it should be noted that if the current sovereign debt crisis, especially in the Euro Zone, degenerates into a more general and profound economic crisis, the positioning of the Company predominantly toward corporate credit exposures, even if it has been a correct choice for the last three years, could generate some significant losses.

2. INVESTMENTS

Whilst Volta had initially focused on investments at the residual level, the high level of discount margins during the semi-annual period on mezzanine tranches of structured finance assets has enabled the Company to purchase assets benefiting from more subordination. In line with this development, the Company purchased eleven different assets for a total of the equivalent of €15.3 million over the course of the semi-annual period ended 31 January 2012:

- €10.9 million was used to purchase four Corporate Credit deals;
- €3.1 million was used to purchase five mezzanine debt tranches of CLOs;
- €1.0 million was used to purchase one tranche of a CDO of ABS; and
- €0.3 million was used to purchase an additional interest in a fund of residual tranches of CLOs.

During the semi-annual period, Volta sold €4.0 million of assets. The rationale behind these sales was to improve Volta's capability to generate cash flows through re-investment in higher yielding assets or to disengage from debt tranches at rates of return that were lower than Volta's general target.

In addition to re-investments made during the annual period, important variations in the relative performance of asset classes have also changed the Company's asset allocation since 31 July 2011.

2. INVESTMENTS (CONTINUED)

Table 1 – Volta Finance asset allocation based on mark-to-market prices (based on GAV)*

Asset classes		As at 31 January 2012 %	As at 31 July 2011 %
Corporate Credit	First loss tranches	8.5	7.6
	Mezzanine tranches	11.0	8.0
CDO	Residual tranches of CLOs	28.9	29.3
	Mezzanine tranches of CLOs	43.4	44.2
	CDO of ABS	1.8	1.8
ABS		3.7	3.5
Cash		2.7	5.6

* GAV of €145.2 million as at 31 July 2011 and GAV of €139.8 million as at 31 January 2012. The valuation of each asset class takes into account the valuation of the individual assets and of the derivatives hedging the asset class. Figures do not add up to 100% due to rounding.

One of the benefits of the investment programme conducted during the latest period has been to improve the diversification of the Company's portfolio by renewing investments in the Corporate Credit area that give Volta a leveraged exposure to both US and Europe corporate credit investment grade markets.

Overall, the investment strategy aims to invest in assets able to deliver an adequate return (on average, assets purchased during the annual period were expected to deliver close to 16% return under a base case scenario).

3. INVESTMENT PORTFOLIO

As at 31 January 2012, Volta held assets divided amongst three asset classes: CDOs (most of them are exposed to leveraged loans); Corporate Credit; and ABS.

It should be noted that the vast majority of the portfolio's assets as at 31 January 2012 had exposure to underlying portfolios of corporate credit positions (corporate loans, bonds and CDS on corporates).

CDOs

All the positions in this asset class, except one CDO of ABS, are residual or mezzanine debt tranches of CLOs.

RESIDUAL TRANCHES OF CLOs

As at 31 January 2012 the Company held thirteen positions in residual tranches of loan portfolios:

- eleven classic residual tranches of CLOs (residual tranches represent between 8% and 12% of the capital structure of the deal and give access with an eight to twelve times leverage to the excess cash flows of the structure);
- one position in a structured vehicle (Prelude) managed by AXA IM Paris that gives access to the payments of close to 30 different CLO residual positions; and
- one position in a loan fund specialising in special situations (Tennenbaum Opportunities Fund).

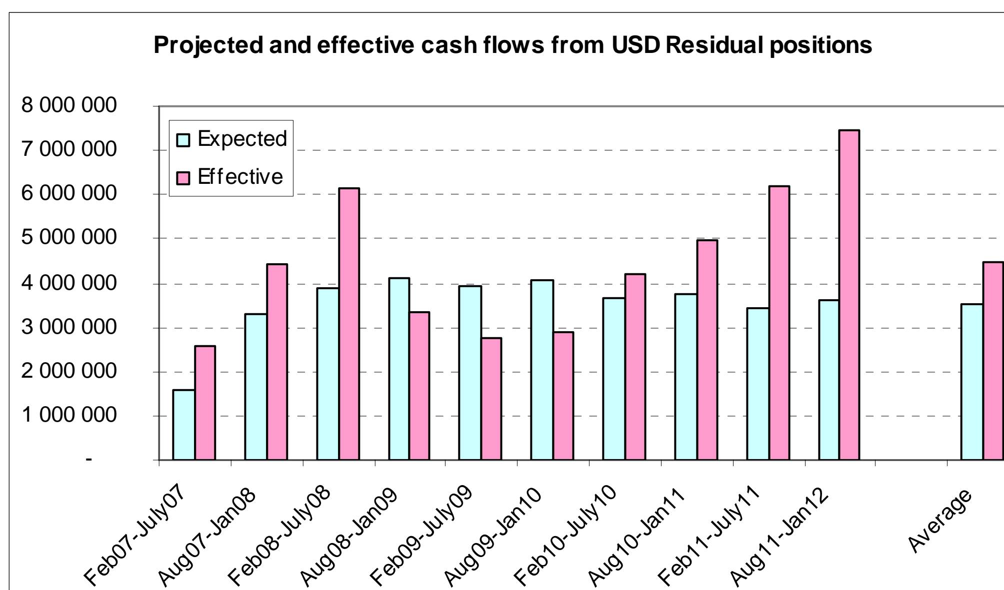
The last position, Tennenbaum, is regularly making its payments and has low leverage. Tennenbaum still represents a notable portion of the mark-to-market value of the CDO residual holdings (22% of the bucket at the end of the semi-annual period unchanged from the beginning of the period). The investment manager of Tennenbaum succeeded in reducing the leverage of the fund before the height of the crisis and has managed the portfolio so as to take advantage of the various investment opportunities that were allowed by the very nature of the fund. For example, this fund has the possibility to invest in debtor-in-possession or bankruptcy exit loans, or even to take equity ownership when loans default.

3. INVESTMENT PORTFOLIO (CONTINUED)

RESILIENCE OF PAYMENTS FROM RESIDUAL TRANCHES OF CLO

During the semi-annual period, the residual tranches of CLO held by Volta generated €6.8 million of interest payments (from assets valued at €32.5 million at the end of July 2011).

The eight classic US dollar residual positions held since early/mid 2007 had accumulated payments of $45.2 million at the end of January 2012, representing 94% of their nominal value ($48 million). The two Euro residual positions held since early/mid 2007 had accumulated payments of €5.8 million at 31 January 2012, representing 66% of their nominal value (€9.0 million). Altogether, these cash flows are 18% higher than the cash flows that were projected at the purchase date using the weighted average rating factor (“WARF”) of each underlying portfolio at that time (between 2% and 3% of default per year was projected depending on each transaction). See below the comparison, period after period, between projected cash flows (at purchase date) and effective cash flows for the eight US dollar residual positions held since inception. During the 6-month period under review, effective cash flows were almost double those of which projected five years ago, at purchase.



CLOs, being term leveraged structures at a fixed margin, can generate more excess payments through re-investments when markets are under stress than under normal circumstances. Overall, for these ten transactions, US dollar and Euro transactions altogether, held since early/mid 2007, the effective cash flows available for the owner of the residual positions have increased by more than 35% throughout the crisis as a result of the significant increase of the weighted average spread of the underlying portfolios.

A residual position on a CLO also gives access to the amount that remains in the structure once the debt tranches are paid back (at maturity if the normal process of deleveraging the structure takes place, sooner if the deal is called by the residual holders). It can be possible to measure the principal amount of the underlying loan portfolios (defaulted loans are valued at their market value) that exceeds the principal amount of the outstanding CLO debt tranches at any point in time. The average remaining principal amount of the eleven classic residual positions held by Volta was 99% at the end of January 2012, up 5% over six months, according to the latest CLO reports available at this time. It illustrates the ability of the underlying portfolio managers to re-build principal value for the residual holder.

All of the positions in this bucket (including Tennenbaum and Prelude) are negatively exposed to an increase in default rates, in the percentage of assets rated CCC or below and to a significant decrease in underlying loans. However, they also benefit from some of their intrinsic features, mainly the ability to re-invest diverted amounts and prepayments.

INVESTMENT MANAGER'S REPORT (CONTINUED)

3. INVESTMENT PORTFOLIO (CONTINUED)

RESILIENCE OF PAYMENTS FROM RESIDUAL TRANCHES OF CLO (CONTINUED)

As at 31 January 2012, the average price of the Company's eleven classic residual positions held over the annual period (61% of par for US dollar assets and 37% of par for Euro assets) reflects on average a reasonable scenario of defaults with still a significant level of discount margin. These deals, on average, are priced for three years of cash flows for assets that are supposed to pay excess cash flows for a remaining period of at least three years and to receive ultimately some par amount later.

Table 2 – List of CDO Residual Holdings as of 31 January 2012

Issuer	% GAV	Description of investment	Description of underlying asset	Manager/Servicer	Principal geographical exposure	ISIN	Arranging Institution
TENNENBAUM OPPORTUNITIES FUND V	6.35	Fund	High yield bonds and loans	Tennenbaum Capital Partners, LLC	USA	NA	Wachovia Bank, N.A.
NORTHWOODS CAPITAL LIMITED	3.28	Residual of CLO	Broadly syndicated loans	Angelo Gordon	USA	USG6666RAB18	JP Morgan
BATALLION CLO LT0 - EQUITY	3.14	Residual of CLO	Broadly syndicated loans	Brigade Capital Management	USA	USG08887AA27	Deutsche Bank
GOLDEN TREE LOAN OPPORTUNITIES	2.85	Residual of CLO	Broadly syndicated loans	Golden Tree	USA	USG39607AC37	Deutsche Bank
WASATCH CLO LTD	2.63	Residual of CLO	Broadly syndicated loans	Invesco	USA	USG94608AB57	JP Morgan
SANDS POINT FUNDING LTD	1.97	Residual of CLO	Middle market loans	Guggenheim	USA	USG7800DAA93	Deutsche Bank
LIGHTPOINT CLO V, LTD	1.87	Residual of CLO	Broadly syndicated loans	Lightpoint	USA	USG5487GAG31	Credit Suisse
GALAXY VII CLO LTD	1.62	Residual of CLO	Broadly syndicated loans	AIG	USA	USG25796AB20	Morgan Stanley
PRELUDE	1.47	Fund of residual of CLO	Broadly syndicated loans	AXA IM Paris	USA	XS0213954802/ XS0205131613	Wachovia Bank N.A.
LIGHTPOINT PAN EUROPEAN CLO PLC	1.29	Residual of CLO	Broadly syndicated loans	Lightpoint	Europe non-UK	XS0282169803	Credit Suisse
CARLYLE HY PART IX	1.23	Residual of CLO	Broadly syndicated loans	Carlyle	USA	KYG1908R1048	Lehman Brothers
OAK HILL EUROPEAN CREDIT PARTNERS PLC	1.12	Residual of CLO	Broadly syndicated loans	Oak Hill	Europe non-UK	XS0300349700	Deutsche Bank
DENALI CAPITAL VI	0.30	Residual of CLO	Broadly syndicated loans	Denali Capital LLC	USA	US24821MAB46	JP Morgan

Table 2 of the Investment Manager's Report forms an integral part of the financial statements. Refer to Note 21.

MEZZANINE TRANCHES OF CLOS

As at 31 January 2012, the Company held 40 positions in mezzanine tranches of CDOs accounting for 45% of Volta's end-of-period GAV. All of them are tranches of CLOs except an original AAA tranche of a CDO of ABS, being currently the first-pay tranche of the structure (receiving every quarter a portion of its principal back). With the exception of one investment that is unrated but could be considered equivalent to a BB-rated tranche taking into account its level of subordination, the investments in tranches of CLOs have been in tranches initially rated between BB (second loss position) and AA (generally fifth loss position).

These positions were purchased between March 2008 and January 2012. Each asset, at the time of purchase, was expected to repay its principal in full at maturity and be able to sustain a certain level of stress. Depending on the ability to find opportunities in the market and on the timing of the purchases, the Company has been able to purchase assets with different levels of initial subordination and IRR. On average, the expected IRR of these assets was 15% at the time of purchase under a base case scenario.

These positions, as for the residual holdings, have cash flows that are sensitive to the level of defaults and the percentage of assets rated CCC or lower in the underlying loan portfolio. Nevertheless, these tranches are structured to be able to absorb a higher level of defaults in the underlying loans portfolio than residual holdings, given their second, third and even higher loss ranking.

As at the end of the semi-annual period, all 40 mezzanine tranches of CDOs were paying their coupons.

3. INVESTMENT PORTFOLIO (CONTINUED)

MEZZANINE TRANCHES OF CLOS (CONTINUED)

Considering the current market and economic circumstances, some of these positions could suffer delays in their payments from time to time. However, with a reasonable economic scenario at the end of the semi-annual period, delayed payments are expected to be met in full for all the mezzanine tranches of CLOs. The average price of the 40 positions, at 62% of par at the end of the period (71% of par for US dollar assets, 53% of par for Euro assets), does not reflect the likely scenario that the vast majority of assets should meet their expected payments in due time.

Six of these positions (Adagio III, Alpstar II, Centurion, Apidos, Black Diamond, Tara Hill) have structural features that could generate some early payments of principal that should be beneficial to the Company, considering these positions were bought significantly below par. During the period, two of Volta's mezzanine debt tranches paid part of their principal.

Table 3 – List of CDO Mezzanine Holdings as at 31 January 2012

Issuer	% GAV	Description of investment	Description of underlying asset	Manager/Servicer	Principal geographical exposure	ISIN	Arranging Institution
BATALLION CLO LTD - E - BB debt	3.08	Mezzanine debt of CLO	Broadly syndicated loans	Brigade Capital Management	USA	USG08889AF79	Deutsche Bank
MCDONNELL LOAN OPPORTUNITY LTD	3.01	Mezzanine debt of CLO	Broadly syndicated loans	McDonnell Investment Mgt LLC	USA	USG6016MAA11	Deutsche Bank
CHEYNE CREDIT OPP. DO - BBB debt	2.38	Mezzanine debt of CLO	Broadly syndicated loans	Nomura	Europe non-UK	XS0243225728	Cheyne Capital Management Ltd
Boyne Valley 1X - C1 - A debt	2.31	Mezzanine debt of CLO	Broadly syndicated loans	GSO Blackstone	Europe non-UK	XS0235642971	JP Morgan
ADAGIO III CLO - E - BB debt	2.05	Mezzanine debt of CLO	Broadly syndicated loans	Axa Investment Managers Paris	Europe non-UK	XS0262683971	Lehman Brothers
Madison Park Funding E - BB debt	1.95	Mezzanine debt of CLO	Broadly syndicated loans	Credit Suisse Alternative Capital	USA	USG5744QAA34	Merrill Lynch Int.
ICE 1 Emerg CLO - A3 - AA Debt	1.93	Mezzanine debt of CLO	Emerging Debt	ICE Canyon LLC	Emerging markets	USG4746PAD09	Citigroup
OAK HILL EUROPEAN CREDIT PARTNERS PLC	1.68	Mezzanine debt of CLO	Broadly syndicated loans	Oak Hill	Europe non-UK	XS0300349379	Deutsche Bank
PGAEA 2007 - 1A - AAA Debt	1.59	Mezzanine debt of CDO	European ABS	Investec Principal Finance	Europe non-UK	XS0287257280	Bear Stearns
Limerock 1A - D - BB Debt	1.50	Mezzanine debt of CLO	Broadly syndicated loans	Invesco	USA	US532623AH83	Credit Suisse First Boston
LightPoint CLO V - C - BBB Debt	1.45	Mezzanine debt of CLO	Broadly syndicated loans	Lightpoint	USA	USG5487GAD00	Credit Suisse
BATALLION CLO LTD - D - BBB debt	1.44	Mezzanine debt of CLO	Broadly syndicated loans	Brigade Capital Management	USA	US071322AE14	Deutsche Bank
ORYX 1X - D - BBB Debt	1.38	Mezzanine debt of CLO	Broadly syndicated loans	AXA IM	Europe non-UK	XS0230415373	UBS
Centurion 10 - E - BB debt	1.30	Mezzanine debt of CLO	Broadly syndicated loans	River Source Investments LLC	USA	US15132PAA12	Morgan Stanley
DUANE STREET CLO - D1 - BBB debt	1.27	Mezzanine debt of CLO	Broadly syndicated loans	Dimaio Capital	USA	US26358BAL27	Morgan Stanley
SIERA 2006-2X - B2L - BB Debt	1.26	Mezzanine debt of CLO	Broadly syndicated loans	Apidos Capital Management	USA	XS0276546065	Bear Stearns
Tara Hill 1X - III - BBB Debt	1.07	Mezzanine debt of CLO	Broadly syndicated loans	GSO Blackstone	Europe non-UK	XS0122499931	Morgan Stanley
LAURELIN - D1 - BBB debt	1.06	Mezzanine debt of CLO	Broadly syndicated loans	Golden Tree Asset Management LP	Europe non-UK	XS0305010711	Barclays Capital
H1776 CLO - D - BBB debt	1.02	Mezzanine debt of CLO	Broadly syndicated loans	W.R. Huff Asset Management	USA	US81806PAE07	Deutsche Bank
Apidos 2006 3 - C - BBB debt	0.97	Mezzanine debt of CLO	Broadly syndicated loans	Apidos Capital Management	USA	US03761KAG31	Morgan Stanley
Harvest IV - C - A debt	0.95	Mezzanine debt of CLO	Broadly syndicated loans	Mizuho Corporate Bank	Europe non-UK	XS0189775249	Merrill Lynch Int.
LFE IV - S4 - BBB-Debt	0.94	Mezzanine debt of CLO	Broadly syndicated loans	BNP Paribas	Europe non-UK	XS0269248398	BNP Paribas
Black Diamond 2006 1X - E - BB Debt	0.88	Mezzanine debt of CLO	Broadly syndicated loans	Black Diamond Capital Management LLC	USA	XS0282504280	Bear Stearns
ADAGIO III CLO - C - A debt	0.87	Mezzanine debt of CLO	Broadly syndicated loans	Axa Investment Managers Paris	Europe non-UK	XS0262682148	Lehman Brothers
Clare Island 1X IV - B - BB debt	0.87	Mezzanine debt of CLO	Broadly syndicated loans	GSO Blackstone	Europe non-UK	XS0143896875	Morgan Stanley

EURO GALAXY CLO BV - E - BB debt	0.68	Mezzanine debt of CLO	Broadly syndicated loans	AIG Global Investments	Europe non-UK	US29871UAG31	Morgan Stanley
ALPSTAR CLO 2 PLC - E - BB debt	0.68	Mezzanine debt of CLO	Broadly syndicated loans	Alpstar Management	Europe non-UK	XS0291723079	Bank of America
GALAXY VIII CLO LTD - E - BB Debt	0.60	Mezzanine debt of CLO	Broadly syndicated loans	AIG	USA	US36317KAA51	Morgan Stanley
ADAGIO II CLO - D1 - BBB debt	0.56	Mezzanine debt of CLO	Broadly syndicated loans	Axa Investment Managers Paris	Europe non-UK	XS0237058424	Merrill Lynch International
Apidos CDO - E - BB Debt	0.55	Mezzanine debt of CLO	Broadly syndicated loans	Apidos Capital Management	USA	US03761NAA00	Morgan Stanley
Tara Hill 1X - IV - BB-Debt	0.53	Mezzanine debt of CLO	Broadly syndicated loans	AIB Capital Markets plc	Europe non-UK	XS0122500027	Morgan Stanley
Skellig Rock 2006 1X - C - A Debt	0.53	Mezzanine debt of CDO	Broadly syndicated loans	GSO Blackstone	Europe non-UK	XS0273474444	JP Morgan
Century CDO 2007 - C - BBB Debt	0.47	Mezzanine debt of CLO	Broadly syndicated loans	River Source Investments LLC	USA	US15134UAA88	Morgan Stanley
Black Rock SISC 2004-1A - D1 - BB	0.45	Mezzanine debt of CLO	Broadly syndicated loans	BlackRock	USA	US09249DAA19	JP Morgan
ATRIUM CDO - D1 - BB Debt	0.44	Mezzanine debt of CLO	Broadly syndicated loans	CSAC	USA	US049629AF50	CSFB
Regent Park 1X - E - BB	0.39	Mezzanine debt of CLO	Broadly syndicated loans	GSO Blackstone	Europe non-UK	XS0268111126	JP Morgan
COLTS 2007 1 - D - BBB Debt	0.30	Mezzanine debt of CLO	Middle Market loans	Ares Management	USA	USG23108AD83	Wachovia Bank N.A.
Octagon IP XI - D - BB debt	0.29	Mezzanine debt of CLO	Broadly syndicated loans	Octagon Investment Partners	USA	USG67245AF09	Citigroup/GS
BLACK DIAMOND CLO LTD - 2005-2X E1	0.22	Mezzanine debt of CDO	Broadly syndicated loans	Black Diamond Capital Management LLC	USA	XS0232465202	Bear Stearns
Leopard CLO BV - BB Debt	0.19	Mezzanine debt of CLO	Broadly syndicated loans	M&G Investment Management Ltd	Europe non-UK	XS0251752472	RBS

Table 3 of the Investment Manager's Report forms an integral part of the financial statements. Refer to Note 21.

ABS

As at 31 January 2012, the Company's investments in this asset class, representing €5.1 million, could be split into two different buckets: one deal backed by German small and medium enterprise ("SME") loans (Promise Mobility) represents 97% of the fair value of the asset class; and six residual income positions backed by UK non-conforming residential loans.

The six UK non-conforming residual positions held by the Company were valued at €0.1 million as at 31 January 2012. Over the semi-annual period Volta received the equivalent of €2.5 million from these deals due to excess payments at the mortgage level corresponding to payments of arrears. The end of period valuation of these assets reflects the conservative approach that such cash flows, being the result of extra payments at the underlying level, should not last.

Promise Mobility is a first loss position on a highly diversified portfolio (1,252 positions according to the December report) of loans made to German SMEs. This deal was impaired at the end of July 2011 considering the significant increase in default that occurred in June 2011 as well as the poor record in terms of recovery. Since then no particular event affected this investment and the end of July statement on the pace of further defaults has been maintained without any change. Since its purchase, in December 2006, this asset paid cash flows representing 68.2% of the amount invested.

Table 4 – List of ABS holdings as at 31 January 2012

Issuer	% GAV	Description of investment	Description of underlying asset	Manager/Servicer	Principal geographical exposure	ISIN	Arranging Institution
PROMISE MOBILITY 2006-1	3.54	Residual of ABS	German SME first loss	IKB	Europe non-UK	NA	Deutsche Bank
EUROSAIL 2006-1 PLC	0.07	Residual of ABS	UK non-conforming RMBS	SPML	UK	XS0254441081	Lehman Brothers
ALBA 2007-1 PLC	0.02	Residual of ABS	UK non-conforming RMBS	Oakwood	UK	XS0301709621	Credit Suisse
ALBA 2006-2 PLC	0.01	Residual of ABS	UK non-conforming RMBS	Oakwood	UK	XS0271780651	Credit Suisse
ALBA 2006-1 PLC	0.01	Residual of ABS	UK non-conforming RMBS	Oakwood	UK	XS0255043050	Credit Suisse
RMAC 2007-NS1	0.00	Residual of ABS	UK non-conforming RMBS	GMAC-RFC	UK	XS030812470	HSBC - RBS
NEWGATE FUNDING PLC 2006-2	0.00	Residual of ABS	UK non-conforming RMBS	Mortgage Plc	UK	XS0259286101	Merrill Lynch International

3. INVESTMENT PORTFOLIO (CONTINUED)

ABS (CONTINUED)

Table 4 of the Investment Manager's Report forms an integral part of the financial statements. Refer to Note 21.

CORPORATE CREDIT

The Company invests in the equivalent of first loss or junior second loss investment exposures to diversified portfolios of investment grade and sub-investment grade Corporate Credits managed by AXA IM Paris or by other experienced managers.

During the semi-annual period under review the Company entered into four Corporate Credit transactions. Two deals were purchased in the secondary market (Corsair and Start), whilst the two others (Cadenza and BCOF) are primary deals.

Cadenza is a classic bespoke tranche of corporate credit exposures. BCOF is a fund that aims to benefit from the necessity for banks to save capital by selling derivative credit exposures coming from their mainstream loan business with corporates.

As at 31 January 2012, the exposure to Corporate Credits bucket was made of ten investments in tranches of corporate credit portfolios ("bespoke CSOs"), representing 19.5% of the end of period GAV.

Four of these positions (ARIA III, BCOF, Jazz III Euro and Jazz III US dollar residual positions), which are valued at €11.8 million, are first loss positions in credit portfolios.

The six others, valued at €15.4 million, are senior or mezzanine debt tranches of corporate credit portfolios.

Table 5 – List of Corporate Credit Holdings as at 31 January 2012

Issuer	% GAV	Description of investment	Description of underlying asset	Manager/Servicer	Principal geographical exposure	ISIN	Arranging Institution
JAZZ III CDO – AB - Junior AAA debt	5.97	Mezzanine debt of Corporate CDO	Majority investment grade corporate credit	Axa Investment Managers Paris	USA	US47215CAB19	Merrill Lynch International
ARIA CDO III (tranche 0%-3%)	3.56	Bespoke CDO tranche	Majority investment grade corporate credit	Axa Investment Managers Paris	USA	XS0375442307	JP Morgan
Bank Capital Opportunity Fund	3.56	Fund	Majority investment grade corporate credit	Axa Investment Managers Paris	Europe non-UK	LU0648070216	AXA IMP
Cadenza	1.81	Mezzanine Tranche of CSO	Majority investment grade corporate credit	Axa Investment Managers Paris	Europe non-UK	XS0672066908	UBS
Dryden XVII - Junior AAA Debt	1.67	Senior Tranche of CSO	Majority investment grade corporate credit	Prudential IM	USA	USG7546RAP40	UBS
JAZZ III CDO (IRELAND) P.L.C.	1.35	Residual of Corporate CDO	Majority investment grade corporate credit	Axa Investment Managers Paris	USA	XS0263617374 / XS0263615675	Merrill Lynch International
Corsair 06/30/2015	0.86	Mezzanine Tranche of CSO	Majority investment grade corporate credit	JP Morgan	USA	XS0280348573	JP Morgan
JAZZ III CDO (IRELAND) P.L.C. – CA - A debt	0.43	Mezzanine debt of Corporate CDO	Majority investment grade corporate credit	AXA Investment Managers Paris	USA	XS0262646697	Merrill Lynch International
Start 2010-6X A	0.28	Mezzanine Tranche of CSO	Majority investment grade corporate credit	Standard Chartered	USA	XS0562803758	Standard Chartered

Table 5 of the Investment Manager's Report forms an integral part of the financial statements. Refer to Note 21.

As expected, three of the four first loss tranches (the two Jazz III deals and ARIA III) suffered the default of Seat Pagine Gialle during the semi-annual period and the situation of those positions, at the end of the period, was as follows:

Table 6 – ARIA III CDO: Technical specifications

	At 31 January 2012	At 31 July 2011
Nominal Size	€25 million	€25 million
WARF (S&P)*	455	454
Number of names	181	181
Attachment/detachment points	0.00% – 1.84% (61% of nominal)	0.00% – 1.84% (61% of nominal)
Remaining principal	€15.3 million	€15.3 million

*A WARF at 310 corresponds to an average rating of BBB, a WARF at 485 to a BBB-.

3. INVESTMENT PORTFOLIO (CONTINUED)

CORPORATE CREDIT (CONTINUED)

Table 7 – Jazz III CDO: Technical specifications

		At 31 January 2012	At 31 July 2011
Euro-denominated tranche			
	Nominal size	€9.6 million	€9.6 million
	Number of names	394	395
USD-denominated tranche			
	Nominal size	$2.0 million	$2.0 million
	Number of names	401	402

Regarding ARIA III, during the semi-annual period, the credit risk of the underlying portfolio was maintained, as measured by S&P through the WARF. The Investment Manager also maintained a high level of diversification considering the 181 different positions that constituted the underlying portfolio as at 31 January 2012. Considering the loss of principal already incurred due to the Lehman Brothers Holding Inc. default (in 2008) and the Seat Pagine Gialle default (in 2011) as well as the possibility of further defaults in conjunction with the WARF of its underlying portfolio, only a portion of ARIA III's nominal is expected to be paid at maturity.

Regarding Jazz III, the Investment Manager maintained the expected ongoing payments to the equity of Jazz III through trading in higher yielding names, negative basis trades and trading gains. Despite a very low market value, the Company considered Jazz III, as at 31 January 2012, to be able to deliver expected cash flows that are not materially different, in terms of IRR, to those expected at the time of its purchase notwithstanding the information in the paragraph below.[2]

As of the end of January 2012, ARIA III and JAZZ III portfolios have an exposure to the Republic of Greece (both 0.5% of the underlying portfolio) and an exposure to Alpha Bank (0.1% for Jazz III and 0.35% for ARIA III). As of the end of January 2012 the perspective on both names was really difficult to estimate and Volta decided to adopt a conservative approach which was to simulate for both names a default at their current CDS value (supposed to reflect in one measure both the probability of default and a potential recovery, namely 25% for Republic of Greece and 20% for Alpha Bank).[2]

Such simulation would lead to a decrease of 18% on future cash flows for the Jazz III first loss positions and a decrease of 45% on future cash flows for the ARIA III position relative to what could have been cash flows without this simulation.[2]

Such events were already included in the prices of these assets at the end of January 2012. Indeed, by way of example, the end of January 2012 mark of ARIA III corresponded to an actualisation of projected cash flows (derived by the standard practice which is to simulate further defaults using the WARF of the underlying portfolio) for this asset at an IRR of 99%. When modifying such projected cash flows in order to take into account the simulated default on Greek exposures, the IRR, which links the end of January mark to such new set of cash flows, is 31%, a level that could be considered more reasonable for such kind of asset.[2]

The end of period report of the Company and projected IRR given in Section 4 of this report have been established taking into account the negative effect of the above simulation regarding the direct exposure of ARIA III and Jazz III to Greek names.[2]

As illustrated above, these three positions in ARIA III and Jazz III are first loss positions and their remaining principal and their coupons are sensitive to any future defaults.[2]

The remaining positions in the Corporate Credit asset class had, at the end of the period, a level of subordination such that they were expected by the Company to pay all their coupons and their full principal.[2]

Throughout the crisis, the Corporate Credit portfolio of the Company has been actively managed. The investment manager of the three first loss positions has succeeded in increasing the number of exposures and the industry diversification of the underlying portfolios and the tail risk of the asset class has decreased by adding senior tranches at attractive expected IRRs.[2]

[2] This forms an integral part of the financial statements. Refer to Note 21.

4. UNDERSTANDING THE GAV OF THE COMPANY

According to Volta's valuation policy, GAV is calculated using prices received by banks or brokers for all but a few assets representing 13.5% of Volta's assets. The exceptions being: Promise Mobility (3.5% of Volta's GAV), which is model–based using a discount rate of 20% on projected cash flows; Tennenbaum (6.4% of Volta's GAV), a loan fund that is valued using the value of its underlying assets; Bank Capital Opportunity Fund (3.6% of Volta's GAV), a fund that is also valued using the value of its underlying assets; and the UK non-conforming residual positions (0.1% of Volta's GAV).

In order to give shareholders an understandable and comparable perspective regarding Volta's asset valuations, a grid of projected return has been provided for Volta's assets for which there are classic analytic tools that permit linking the prices to simple underlying assumptions (mainly the expected level of default and recovery). In line with market practice, the WARF of the underlying portfolios has been considered as the standard measure of the probability of default.

In order to generate a range of scenarios, WARFs have been multiplied by 1, 1.5 and 2 times to give shareholders an idea of how Volta's assets behave when considering defaults at a higher rate than the standard measure. Other assumptions included a constant prepayment rate of 15% and a recovery rate of 65% for loans as well as a recovery rate of 30% for Corporate Credit exposures.

To illustrate these scenarios, constant annual default rates have been simulated for the underlying loans portfolio of Volta's CLO positions, on average, at 3.1% (WARF), 4.7% (1.5 x WARF) and 6.2% (2 x WARF). These three figures are greater than the average default rate for these deals during the recent years (including the 2008/2009 crisis).

Thus, for all Volta's assets, except Bank Capital Opportunity Fund, Tennenbaum, Promise Mobility and the UK non-conforming residuals, it has been possible to generate projected cash flows and IRR (Internal Rate of Return) under these scenarios using appropriate tools (for example Intex for CLOs). These simulations concerned 61 assets, representing €116.8 million of assets (87% of Volta's assets excluding cash at the end of January 2012):

Table 8 – Standard projected IRR on classical corporate deals*

	Remaining Principal	Mark to Market Value	Average Price to remaining principal	Projected IRR / defaults at WARF	Projected IRR / defaults at 1,5 * WARF	Projected IRR / defaults at 2 * WARF
First Loss tranches of Corporate Credit	23.3	6.872	29.6%	199.4%	65.8%	28.8%
Mezzanine debt of Corporate Credit	23.4	15.392	65.7%	26.7%	26.7%	26.7%
First Loss tranches of USD CLOs	46.9	28.125	60.0%	23.4%	16.4%	9.2%
First Loss tranches of EUR CLOs	4.8	3.360	70.0%	28.3%	20.3%	9.4%
Mezzanine debt of USD CLOs	48.3	34.100	70.6%	13.6%	13.5%	13.5%
Mezzanine debt of EUR CLOs	54.2	28.975	53.5%	24.7%	24.8%	24.8%
Total/Average	200.8	116.8	58.2%	31.8%	22.0%	17.8%

*These simulations are for illustrative purposes only and are based on a number of assumptions and should not be regarded as profits or earnings forecasts. In addition, changes to current market conditions may cause changes to certain of the assumptions which could produce different results, less favourable to investors. Accordingly, no representation or warranty is made that any simulation will happen or any asset will perform or will be sold in accordance with the tables set forth.

It should be noted when considering this table that mezzanine debts of CLOs and mezzanine debts of Corporate Credit, representing 53% of Volta's GAV, are insensitive to the default scenarios proposed herein and are, however, priced with a discount rate ranging from 14% to 27% from mezzanine debt of US CLO to mezzanine debt of Corporate Credit deals, reflecting potential losses for very extreme scenarios.

It should be noted that first loss tranches of Corporate Credit are highly sensitive to the pace of default that is projected but this high sensitivity seems to be incorporated in the end of period prices.

The figures in this table highlight the difference between Euro deals and US dollar deals, for example through the projected IRR on first loss or mezzanine tranches of CLOs. They are higher on Euro deals relative to US dollar deals with a greater sensitivity to default for first loss Euro deals. This difference in pricing reflects a greater uncertainty in Europe relative to the US to any projected path of cash flows most probably in line with the Euro sovereign crisis. This difference in pricing legitimises the vision of Volta not to exclude Euro deals from its portfolio despite the uncertainties that exist, for market participants, particularly on the Euro Zone; the higher (systemic) risk being compensated by a significantly higher projected return.

4. UNDERSTANDING THE GAV OF THE COMPANY (CONTINUED)

According to such calculations, the GAV of Volta as at 31 January 2012 corresponds to an IRR of close to 25% when considering the standard assumption that rating and hence WARF of a portfolio of corporate credit exposures appropriately reflects the probability of default.

This high level of IRR illustrates how Volta's GAV could be considered as being conservative.

Section 4, including Table 8, forms an integral part of the financial statements.

5. FOREIGN EXCHANGE HEDGE OF US DOLLAR INVESTMENTS

As outlined in previous reports, the Company faces the risk of being forced to sell assets to face margin calls on its foreign exchange hedge transactions if the dollar was to appreciate significantly. In order to limit this risk the Company decided to use currency options to reduce the level of cash that could be called by its currency swap (and options) counterparties when the dollar appreciates and also to reduce the amount of dollars sold forward. This change in the hedging strategy was successful in avoiding the Company being forced to sell assets to face increases in margin calls despite more than a 10% appreciation of the US dollar, against the Euro, experienced during the semi-annual period under review.

This strategy enabled the Company to continue investing in US dollar assets with a partial hedge against the depreciation of the US dollar and allowed the Company to invest more widely.

The contracts used to apply this strategy are collateralised (a net balance of €1.1m was posted by the Company to its counterparties at the end of January 2012) and are in place with two different counterparties in order to minimise the counterparty risk incurred by the Company through these contracts.

Since it was implemented in November 2008, this strategy has been successful in providing a certain level of currency hedge. It should be noted that the hedge of the currency exposure generated by non-Euro assets could be affected where there is significant volatility in the US dollar/Euro exchange rate. As a consequence, some gains came from the US dollar exposure during the period under review.

As of the end of January 2012 the Company's US dollar assets (including cash) were valued at $110 million, US dollar forward sales represented $65 million and US dollar call options (financed by selling out of the money US dollar put options) represented $50 million. Overall, taking into the account the delta on the options, Volta could be considered as having a $80 million long position not being hedged.

The Company has maintained during the last two years a dual exposure to US assets and to European assets. Considering the difficulties faced by European governments to roll their debt, a specific risk exists for assets directly linked to the Euro-zone. This risk is partially hedged by the long US dollar exposure of the company described above.

6. OUTLOOK

During the semi-annual period, the overall investment strategy of the Company has been successfully adjusted in line with the changing market environment whilst pursuing the Company's objectives. The Company pursues the increase and the diversification of its asset base mostly through investments in deals for which the main underlying exposure is corporate credit.

This strategy contributed significantly to the increase of interest and coupon amounts received by the Company.

For the semi-annual period, the Company's Board decided to pay a €0.22 per share dividend that should be paid in the early days of April 2012. It represents €6.8 million and corresponds to almost 44% of the interest and coupons received by the Company during the period (€15.6 million). This means that nearly 50% of the interest and coupons are used for re-investment, after considering the payments of the Company's operating costs.

As a consequence, net re-investments should amount to a few million Euros per quarter for the foreseeable future, which should permit the Company to increase its assets gradually, as has been the case for more than three years. That said, the pace at which ongoing cash flows will be re-invested could be adjusted if some significant financial or economic stress occurs.

6. OUTLOOK (CONTINUED)

Table 11 – Nominal amounts of Volta's assets (€m)

	End of period nominal amounts					
	July 2009	January 2010	July 2010	January 2011	July 2011	January 2012
First loss tranches of Corporate Credit	25.3	25.3	25.4	26.3	26.2	28.3
Mezzanine tranches of Corporate Credit	-	14.7	15.6	14.9	14.2	23.4
First loss tranches of CDOs	35.3	44.6	50.2	52.7	54.7	63.2
Mezzanine debt tranches of CDOs	31.1	61.2	77.0	94.2	95.3	102.5
ABS (including near cash ABS asset)	13.3	15.7	14.0	11.8	9.6	9.6
Cash including cash collateral	27.7	4.2	5.5	1.7	8.1	3.8
Total nominal (including cash)	**132.6**	**165.7**	**187.7**	**201.7**	**208.1**	**230.7**
Change from previous date due to USD variation	Na	1.4	5.8	-2.8	-5.3	11.4
Nominal per share	**4.39**	**5.47**	**6.19**	**6.55**	**6.76**	**7.49**

Table 11 takes into account losses of nominal amounts that could not be recouped for Corporate Credit and ABS; residual tranches of CLOs are accounted for by their remaining principal amount as described in Section 3; and US dollar nominal amounts being translated in Euro using end of period cross rate.

Between July 2011 and January 2012, the Company was able to **increase the nominal amount of its assets by nearly €22.6 million** through re-investments including a positive contribution (€11.4 million) from the conversion of US dollar assets into Euro at the end of period cross currency rate.

At the time of writing, discount margins were attractive in most areas of the structured credit markets. The Company's investment strategy for the coming period is mainly to seek investments in what could be viewed, at the time of purchase, as structures producing ongoing cash flows. For example, BBB or BB-rated tranches of CLOs, mezzanine tranches of Corporate Credit deals and mezzanine tranches of ABS would all be considered. From time to time, some investments in residual or first loss positions could be considered as well.

Considering the current market conditions and the volatility of prices of some of Volta's assets, it can be expected that the Company will disengage from some positions to re-invest in positions that, at the time of purchase, could be considered to offer a better risk/return trade off.

The investment strategy will focus on re-investing sale proceeds and ongoing cash flows in order to maintain the expected IRR of Volta's portfolio above 10%. Considering the widening that occurred on CLO tranches and on Corporate Credit spreads it could be expected that future investments will continue focusing on these two asset classes.

At the time of writing, our general view on the current economic and financial crisis is that recent developments in the Euro-zone should help to limit uncertainties for the coming quarters. However, it does not solve, per se, the imbalances that exist amongst countries that collectively form the Euro Zone. On top of that some recent actions taken by the ECB (LTRO amongst others) give a decent time to European countries and their major banks to find a reasonable solution to the current situation.

Overall, the composition of Volta's assets, combining US dollar and Euro assets can constitute an interesting option on a positive outcome in the Euro sovereign crisis. In order to limit the negative impact of a disappointing outcome on Europe, Volta should maintain a significant US dollar exposure as has been the case during the most recent periods.

The coming quarters should continue to be impacted by the Euro sovereign crisis and the deleveraging of banks should continue. This point has been a source of opportunities for Volta in the semi-annual period under review and should continue being so for the coming periods. Such an environment should continue to be favourable for Corporate Credit exposures relative to other kinds of exposures (sovereign or consumer debt) as long as it does not degenerate into a profound economic crisis. The contagion we are seeing in certain areas of investment markets could also be a source of opportunities.

The Company has demonstrated its ability to adapt its investment strategy. The experience of the teams in the structured finance department of AXA IM Paris and their ability to seize investment opportunities across the different segments of the structured finance markets should provide encouraging prospects for the future of Volta.

AXA INVESTMENT MANAGERS PARIS

19 March 2012

DIRECTORS, MANAGEMENT, ADMINISTRATION AND ADVISORS

VOLTA FINANCE LIMITED

Company registration number: 45747 (Guernsey, Channel Islands)

REGISTERED OFFICE

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James Gilligan – Chairman and Independent Director
Christian Jimenez – Senior Independent Director
Joan Musselbrook – Independent Director
Paul Varotsis – Independent Director

AUDITORS

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Channel Islands

COMPANY SECRETARY, ADMINISTRATOR AND REGISTRAR

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LISTING AGENT AND PAYING AGENT

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The Netherlands

RESPONSIBILITY STATEMENT
IN RESPECT OF THE FINANCIAL STATEMENTS

Each of the Directors, whose names and functions are listed on page 18, confirms that, to the best of their knowledge and belief:

- the unaudited condensed set of interim financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting" and gives a true and fair view of the assets, liabilities, financial position and performance of the Company; and
- the Chairman's Statement and the Investment Manager's Report constitute Volta's interim management report for the six month period ended 31 January 2012, which contains a fair review of that period required by Section 5:25d of the Financial Supervision Act of the Netherlands and includes:
  - (a) an indication of important events that have occurred during the first six months of the financial year and the effect thereof on the interim financial statements, and a description of the principal risks and uncertainties in the remaining six months of the financial year;
  - (b) an indication of related party transactions that have taken place in the first six months of the financial year and/or changes in related party transactions as disclosed in the previously published financial statements with a significant impact on the financial position or results of the Company in the period; and
  - (c) information on the Company's investments and the circumstances on which the development of the Company's turnover and profitability depend to the extent that providing this information is not contrary to the Company's best interests.

This Responsibility Statement was approved by the Board of Directors on 19 March 2012 and was signed on its behalf by:

James Gilligan	**Paul Varotsis**
Chairman	Independent Director

19 March 2012

INDEPENDENT REVIEW REPORT
TO VOLTA FINANCE LIMITED

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 January 2012 which comprises the Unaudited Condensed Statement of Financial Position, Unaudited Condensed Income Statement, Unaudited Condensed Statement of Comprehensive Income, the Unaudited Condensed Statement of Changes in Shareholders' Equity and Unaudited Condensed Statement of Cash Flows and the related explanatory notes on pages 26 to 51. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement letter dated 10 February 2012. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with Section 5:25d of the Financial Supervision Act of the Netherlands.

As disclosed in Note 2, the annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards ("IFRS"). The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34").

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of half-yearly financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 January 2012 is not prepared, in all material respects, in accordance with IAS 34.

Emphasis of matter

We draw attention to Notes 4 and 21, which describe how the fair values of the Company's financial assets and liabilities are determined and related uncertainty with regard to fair value estimation in current market conditions. Our report is not qualified in respect of this matter.

DERMOT A. DEMPSEY

FOR AND ON BEHALF OF KPMG CHANNEL ISLANDS LIMITED

CHARTERED ACCOUNTANTS AND RECOGNISED AUDITORS

22 March 2012

- The maintenance and integrity of the Volta Finance Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements or review report since they were initially presented on the website.
- Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

UNAUDITED CONDENSED INCOME STATEMENT

FOR THE PERIOD ENDED 31 JANUARY 2012

	Notes	**1 August 2011 to 31 January 2012 €**	1 August 2010 to 31 January 2011 €
OPERATING INCOME			
Income on available-for-sale securities – effective interest income and dividend income		**10,532,260**	8,653,688
Income on available-for-sale securities – recognition of revised cash flow estimates		**2,282,931**	–
Income on investments at fair value through profit or loss		**1,664,080**	1,518,487
Deposit interest income		**8,634**	5,123
Net foreign exchange loss on settlement of foreign exchange derivatives and retranslation of cash and cash equivalents		**(636,790)**	(797,307)
Net realised gain on available-for-sale securities and investments at fair value through profit or loss		**56,081**	193,599
Net realised gain on available-for-sale securities, previously recognised in equity in prior periods as a net unrealised gain, transferred to the Income Statement		**105,510**	470,964
Net reversal of impairment recognised on available-for-sale debt securities	5	**754,151**	10,515,886
(Loss)/gain on revaluation of financial assets designated at fair value through profit or loss		**(2,609,474)**	192,841
Foreign exchange gain/(loss) on retranslation of available-for-sale securities and investments at fair value through profit or loss		**6,278,383**	(2,444,876)
Net (loss)/gain on revaluation of foreign exchange derivatives		**(1,150,292)**	1,949,893
		17,285,474	20,258,298
OPERATING EXPENDITURE			
Legal fees		**(5,306)**	(11,845)
Audit fees		**(127,513)**	(97,506)
Investment management fees	22	**(987,749)**	(671,913)
Investment Manager incentive fees	22	**321,791**	(439,857)
Custodian fees		**(13,319)**	(9,400)
Portfolio valuation and administration fees		**(22,636)**	(25,435)
Company secretarial, administration and accountancy fees	7	**(131,575)**	(130,476)
Directors' remuneration	8	**(170,341)**	(159,789)
Insurance		**(29,400)**	(42,318)
Other operating expenses		**(109,770)**	(67,486)
		(1,275,818)	(1,656,025)
OPERATING PROFIT BEFORE FINANCE COSTS		**16,009,656**	18,602,273
FINANCE EXPENSES			
Liquidity facility fee		**—**	38,125
PROFIT FOR THE PERIOD		**16,009,656**	18,640,398
Earnings per share			
Basic	10	**0.5195**	0.6102
Diluted	10	**0.5195**	0.6102
		Number of shares	
Weighted average ordinary shares outstanding			
Basic	10	**30,815,232**	30,550,425
Diluted	10	**30,815,232**	30,550,425

The Notes on pages 26 to 51 form part of these condensed interim financial statements.

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 JANUARY 2012

	1 August 2011 to 31 January 2012 €	1 August 2010 to 31 January 2011 €
PROFIT FOR THE PERIOD	**16,009,656**	18,640,398
OTHER COMPREHENSIVE INCOME		
Net unrealised (loss)/gain on available-for-sale securities recognised in the period	**(14,141,385)**	26,036,937
Net realised gain on available-for-sale securities, previously recognised in equity in prior periods as a net unrealised gain, transferred to the Income Statement	**(105,510)**	(470,964)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**(14,246,895)**	25,565,973
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1,762,761**	44,206,371
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Ordinary shareholders	**1,762,761**	44,206,371

The Notes on pages 26 to 51 form part of these condensed interim financial statements.

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 31 JANUARY 2012

	Notes	**31 January 2012 €**	31 July 2011 €
ASSETS			
Available-for-sale securities	11	**123,389,866**	124,984,793
Financial assets at fair value through profit or loss	12	**8,250,563**	6,203,728
Open foreign exchange swaps and options	13	**1,397,551**	377,843
Trade and other receivables	14	**4,646,051**	4,779,231
Cash and cash equivalents	15	**2,645,982**	8,877,091
TOTAL ASSETS		**140,330,013**	145,222,686
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital	17	**—**	—
Share premium	18	**2,491,585**	2,066,515
Warrants	19	**1,410,000**	1,410,000
Other distributable reserves	20	**238,250,143**	245,071,649
Net unrealised fair value movements on available-for-sale securities	20	**(5,789,115)**	8,457,780
Accumulated loss	20	**(98,429,116)**	(114,438,772)
TOTAL SHAREHOLDERS' EQUITY		**137,933,497**	142,567,172
LIABILITIES			
Current liabilities			
Trade and other payables	16	**2,396,516**	2,655,514
TOTAL EQUITY AND LIABILITIES		**140,330,013**	145,222,686
Net asset value per ordinary share outstanding			
Basic		**€4.4592**	€4.6297
Diluted		**€4.4592**	€4.6297

These Condensed Interim Financial Statements on pages 21 to 51 were approved by the Board of Directors on 19 March 2012 and were signed on its behalf by:

James Gilligan

Chairman

Paul Varotsis

Independent Director

The Notes on pages 26 to 51 form part of these condensed interim financial statements.

UNAUDITED CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE PERIOD ENDED 31 JANUARY 2012

	Notes	Ordinary shares €	Share premium €	Warrants €	Other distributable reserves €	Accumulated loss €	Available-for-sale securities unrealised losses €	Total €
Balance at 31 July 2010		—	523,561	1,410,000	256,700,276	(145,434,768)	(14,616,834)	98,582,235
Net unrealised gain on available-for-sale securities recognised in the period		—	—	—	—	—	26,036,937	26,036,937
Net realised gain on available-for-sale securities, previously recognised in equity in prior periods as a net unrealised gain, transferred to the Income Statement		—	—	—	—	—	(470,964)	(470,964)
Total other comprehensive income for the period		—	—	—	—	—	25,565,973	25,565,973
Profit for the period	20	—	—	—	—	18,640,398	—	18,640,398
Total comprehensive income for the period		—	—	—	—	18,640,398	25,565,973	44,206,371
Issue of ordinary shares to Directors	17	—	49,800	—	—	—	—	49,800
Scrip dividend paid	17	—	1,437,505	—	(1,437,505)	—	—	—
Dividend paid	9	—	—	—	(3,418,392)	—	—	(3,418,392)
Balance at 31 January 2011		—	2,010,866	1,410,000	251,844,379	(126,794,370)	10,949,139	139,420,014
Balance at 31 July 2011		—	2,066,515	1,410,000	245,071,649	(114,438,772)	8,457,780	142,567,172
Net unrealised gain on available-for-sale securities recognised in the period		—	—	—	—	—	(14,141,385)	(14,141,385)
Net realised gain on available-for-sale securities, previously recognised in equity in prior periods as a net unrealised gain, transferred to the Income Statement		—	—	—	—	—	(105,510)	(105,510)
Total other comprehensive income for the period		—	—	—	—	—	(14,246,895)	(14,246,895)
Profit for the period	20	—	—	—	—	16,009,656	—	16,009,656
Total comprehensive income for the period		—	—	—	—	16,009,656	(14,246,895)	1,762,761
Issue of ordinary shares to Directors	17	—	56,699	—	—	—	—	56,699
Scrip dividend paid	17	—	368,371	—	(368,371)	—	—	—
Dividend paid	9	—	—	—	(6,408,633)	—	—	(6,408,633)
Dividend payable	9	—	—	—	(44,502)	—	—	(44,502)
Balance at 31 January 2012		—	**2,491,585**	**1,410,000**	**238,250,143**	**(98,429,116)**	**(5,789,115)**	**137,933,497**

The Notes on pages 26 to 51 form part of these Condensed Interim Financial Statements.

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 JANUARY 2012

	Notes	**1 August 2011 to 31 January 2012 €**	1 August 2010 to 31 January 2011 €
Cash flows generated from operating activities			
Profit for the period		**16,009,656**	18,640,398
Adjustments for:			
Income on available-for-sale securities – effective interest income and dividend income		**(10,532,260)**	(8,653,688)
Income on available-for-sale securities – recognition of revised cash flow estimates		**(2,282,931)**	—
Income on investments at fair value through profit or loss		**(1,664,080)**	(1,518,487)
Net loss/(gain) on revaluation of foreign exchange derivatives		**1,150,292**	(1,949,893)
Loss/(gain) on revaluation of financial assets designated at fair value through profit or loss		**2,609,474**	(192,841)
Coupons and dividends received		**15,594,463**	10,324,913
Foreign exchange (gain)/loss on retranslation of available-for-sale securities and investments at fair value through profit or loss		**(6,278,383)**	2,444,876
Net reversal of impairments recognised on available-for-sale debt securities		**(754,151)**	(10,515,886)
Net realised gain on available-for-sale securities and investments at fair value through profit or loss		**(56,081)**	(193,599)
Net realised gain on available-for-sale securities, previously recognised in equity in prior periods as a net unrealised gain, transferred to the Income Statement		**(105,510)**	(470,964)
Net foreign exchange gain on retranslation of cash and cash equivalents		**(283,345)**	(42,325)
Decrease/(increase) in trade and other receivables		**26,999**	(16,123)
(Decrease)/increase in trade and other payables		**(303,500)**	384,342
Directors' fees paid in the form of shares		**56,699**	49,800
Cash generated from operating activities		**13,187,342**	8,290,523
Cash flows used in investing activities			
Net (payments)/receipts (to)/from margin accounts from foreign exchange derivative activities		**(2,170,000)**	1,360,000
Purchase of investments		**(15,254,799)**	(19,160,358)
Proceeds from sales and redemptions of investments		**4,131,636**	10,425,085
Net cash used in investing activities		**(13,293,163)**	(7,375,273)
Cash flows used in financing activities			
Dividend paid		**(6,408,633)**	(3,418,392)
Net cash used in financing activities		**(6,408,633)**	(3,418,392)
Net decrease in cash and cash equivalents		**(6,514,454)**	(2,503,142)
Cash and cash equivalents at beginning of the period		**8,877,091**	3,335,471
Effect of exchange rate fluctuations on cash and cash equivalents		**283,345**	42,325
Cash and cash equivalents at end of the period	15	**2,645,982**	874,654

Cash generated from operations

Cash generated from operations for the period of €13,187,342 (2011: €8,290,523) includes the following interest receipts:

	1 August 2011 to 31 January 2012 €	1 August 2010 to 31 January 2011 €
Deposit interest	**8,634**	5,123

The Notes on pages 26 to 51 form part of these Condensed Interim Financial Statements.

1. REPORTING ENTITY

The Company is a closed-ended limited liability company registered under The Companies (Guernsey) Law, 2008 with registered number 45747. The Company's IPO closed on 20 December 2006 and its shares are listed on Euronext Amsterdam. The registered office of the Company is Dorey Court, Admiral Park, St Peter Port, Guernsey GY1 6HJ, Channel Islands.

As at 31 January 2012 the principal activity of the Company was investment in a diversified portfolio of mortgage-backed and other asset-backed securities, loans and equity instruments. The Company's investment objectives are to seek to preserve capital and to provide a stable stream of income to its shareholders through dividends that it expects to distribute on a semi-annual basis. Subject to the risk factors that were described in the Company's IPO Prospectus and the risk factors that are described in Note 21, the Company's strategy focuses on direct and indirect investment in, and exposures to, a variety of assets selected for the purpose of generating cash flows for the Company. The Company's basic approach to investment in the Primary Underlying Assets, as defined in the Company's IPO Prospectus, is to invest in vehicles and arrangements that essentially provide exposure to portfolios of Primary Underlying Assets. There can be no assurance that the Company will achieve its investment objectives.

The Directors have chosen not to present quarterly financial statements. These Unaudited Condensed Interim Financial Statements are prepared in addition to Annual Audited Financial Statements. The Directors of the Company also publish an interim management statement covering the period from the beginning of each interim period and to the date of publication of such interim management statement, in accordance with the Transparency Directive.

2. BASIS OF PREPARATION

A) STATEMENT OF COMPLIANCE

These Unaudited Condensed Interim Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". These Unaudited Condensed Interim Financial Statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited financial statements of the Company as at and for the year ended 31 July 2011. The audited financial statements of the Company as at and for the year ended 31 July 2011 were prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

New accounting standards, amendments to existing accounting standards and/or interpretations of existing accounting standards (separately or together, "New Accounting Requirements") adopted during the current year

The Directors have assessed the impact, or potential impact, of all New Accounting Requirements. In the opinion of the Directors, there are no mandatory New Accounting Requirements applicable in the current period that had any material effect on the reported performance, financial position, or disclosures of the Company. Consequently, no mandatory New Accounting Requirements are listed. The Company has not adopted early any New Accounting Requirements that are not mandatory.

B) BASIS OF MEASUREMENT

These financial statements have been prepared on a historical cost basis except for the following:

- derivative financial instruments are measured at fair value, with movements in fair value being recognised in the Income Statement;
- available-for-sale financial assets are measured at fair value, with movements in fair value being taken directly to the Statement of Comprehensive Income;
- financial instruments designated at fair value through profit or loss are measured at fair value and changes therein are recognised in the Income Statement; and
- the methods used to measure fair value are further disclosed in Note 4. All other financial instruments are measured at amortised cost.

2. BASIS OF PREPARATION (CONTINUED)

C) FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Euro (rounded to the nearest whole Euro), which is the Company's functional and presentation currency.

D) USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with IFRS requires the Board to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities and income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a semi-annual basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following:

- Note 4 (Determination of fair values); and
- Note 21 (Financial risk management).

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in these interim financial statements are the same as those applied by the Company in its audited financial statements as at and for the year ended 31 July 2011. The current period presentation of the Income Statement has been modified and the prior period presentation has also been modified to maintain comparability.

4. DETERMINATION OF FAIR VALUES

The Company publishes its Gross Asset Value ("GAV") on a monthly basis and its Net Asset Value ("NAV") on a semi-annual basis. The publication of the GAV and the NAV of the Company may be suspended in situations where the underlying data needed to value the investments cannot readily, or without undue expenditure, be obtained by the Company. Details of any suspension in making such publication would be announced in a manner that complies with the rules of Euronext Amsterdam.

For the majority of investments targeted by the Company, the secondary trading market may occasionally become illiquid. As a result, at such times there may be no regularly reported market prices for these investments. In addition, there may not be an agreed industry standard methodology for valuing the investments (e.g. in the case of residual income positions of asset-backed securitisations).

A number of the Company's accounting policies and disclosures require the determination of fair values for financial assets and liabilities. Fair values have been determined based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the Notes specific to that asset or liability.

Financial assets for which quoted prices are available from a third party in a liquid market are valued monthly on the basis of quoted market prices. In this regard, for liquid assets, an external pricing service may be the source of the price quotations.

In the case of investments where the fair value of the investment can be readily ascertained by reference to the market values of liquid underlying assets, the counterparty or arranging bank generally provides the valuation of the investment position, using the mark-to-market valuations of the underlying assets (minus, where applicable, the investment's internal funding or other liabilities).

4. DETERMINATION OF FAIR VALUES (CONTINUED)

In the absence of an active market for an investment, a mark-to-model approach has been adopted by the Investment Manager, counterparty, arranging bank, to determine the valuation. Such pricing models generally involve a number of valuation assumptions, many of which are based on subjective judgements. Key model inputs include: asset spreads; expected defaults; expected recovery rates; and the price of uncertainty or liquidity through the interest rate at which expected cash flows are discounted. These inputs are derived by reference to a variety of market sources. The method of valuation depends on the nature of the asset.

Where a financial asset involves an arranging bank, or another market participant, that provides valuations on a monthly basis, the valuation is sourced from such arranging bank. In many cases, the arranging bank determines the valuation based on pricing models, which may or may not produce values that correspond to the prices that the Company could obtain if it sought to liquidate such positions. Such valuations generally involve subjective judgements on key model inputs, particularly default and recovery rates, and may not be uniform. In the case of some of these assets, banks and other market participants may be unwilling to disclose either the key model inputs or the discount rates that have been used to produce such valuations. In such circumstances, the valuation continues to be sourced from such arranging bank, or other market participant, despite the lack of valuation assumptions.

Where a financial asset does not involve an arranging bank, or another market participant that is willing to provide valuations on a monthly basis, or if an arranging bank is unwilling to provide valuations, the Investment Manager will provide a monthly valuation based on a pricing model and/or comparable asset prices.

Third parties have reviewed the valuations and/or valuation assumptions as at 31 January 2012 and have concluded that they were fair and reasonable. In the event that a third party were to challenge the Investment Manager's valuations, the Company will consider engaging the third party (or one or more other third parties such as, for example, an investment bank or the seller of the underlying assets) to provide a valuation, or will adopt some other method of valuing the position.

The fair value of non-derivative financial liabilities is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

The fair value calculations for the residual and debt tranche investments in securitisation vehicles are sensitive to the key model inputs, in particular to defaults, recovery rates and prepayment rates. The initial model assumptions are reviewed on a regular basis with reference to both current and projected data. In the case of a material change in the actual key model inputs from the historical ones, then the model assumptions will be adjusted accordingly as well as the discounted rate used when establishing the fair value.

If, over the lifetime of an individual deal, defaults and recoveries diverge from their long-term historical norms, then the actual returns may differ from the current levels projected by the model, which would impact upon the net assets of the Company and its distributable income.

There is no liquid market for the Company's investments. Consequently, no quoted market prices exist for these assets. Therefore, the fair values of Volta's investments have been determined as described above.

According to Volta's valuation policy, GAV is calculated using prices received by banks or brokers for all but a few assets representing 13.5% of Volta's assets. The exceptions being: Promise Mobility (3.5% of Volta's GAV), which is model-based using a discount rate of 20% on projected cash flows; Tennenbaum (6.4% of Volta's GAV), a loan fund that is valued using the value of its underlying assets; Bank Capital Opportunity Fund (3.6% of Volta's GAV), a fund that is also valued using the value of its underlying assets; and the UK non-conforming residual positions (0.1% of Volta's GAV).

Prior to the end of 2008, banks and brokers provided their underlying assumptions along with their valuations of the assets, which permitted a better understanding of the prices (expected default rate, expected severity of default and discount rate of generated cash flows). Since the end of 2008, Volta no longer receives such underlying assumptions.

Additional disclosures on fair value estimation, including assumptions, applied in determining fair value where available, refer to Section 4 and Table 8 of the Investment Manager's Report.

5. PROVISIONS FOR IMPAIRMENT, RECOGNITION OF REVERSALS OF IMPAIRMENT, RECOGNITION OF IMPROVEMENTS AND THE EFFECT ON THE DISTRIBUTION INCOME CALCULATION

AVAILABLE-FOR-SALE DEBT SECURITIES

Recognition of reversal of impairment and impairment

No new impairments were recognised during the period. The aggregate net reversal of impairment of €754,151 relates to impairment adjustments on previously impaired assets.

The table below details the amount of net reversal of impairments/(impairment) recognised during the period:

	six months to 31 January 2012 (€)	six months to 31 July 2011 (€)	six months to 31 January 2011 (€)
Carlyle HY Part IX	(20,195)	186,717	34,342
LightPoint Pan-European CLO plc	(767,227)	216,479	1,877,060
Northwoods Capital	(724,196)	2,634,911	2,266,934
Oak Hill Europe CP 2	(41,589)	481,740	606,545
Alpstar CLO 2 PLC	(271,737)	(140,954)	917,044
Eurosail 2006-1 PLC	182,457	286,189	224,563
Promise Mobility 2006-1	437,181	(5,508,753)	—
Alba 2007-1 plc	1,217,327	114	117
Alba 2006-2 plc	731,188	(11)	21
Battalion CLO 2007-1	—	—	1,128,859
Wasatch CLO Ltd	—	—	1,036,475
Lightpoint CLO Ltd	—	—	907,553
Galaxy VII CLO Ltd	—	—	763,832
Sands Point Funding Ltd	—	—	752,445
Other net reversals	10,942	215	96
	754,151	(1,843,353)	10,515,886

As at 31 January 2012, the following assets remained impaired:

	31 January 2012 Cumulative impairment €	31 January 2012 Fair value €
Carlyle HY Part IX	(2,112,240)	1,678,362
LightPoint Pan-European CLO 2006 plc	(1,271,983)	1,800,000
Alba 2006-1 plc	(5,237,815)	10,833
Alba 2006-2 plc	(10,045,056)	16,087
Eurosail 2006-1 PLC	(7,569,277)	99,446
Newgate Funding PLC 2006-2	(6,795,678)	119
Promise Mobility 2006-1	(5,071,573)	4,848,664
Alba 2007-1 plc	(8,981,903)	22,169
Northwoods Capital	(1,593,801)	4,568,169
Oak Hill Europe CP 2	(861,463)	1,402,788
RMAC 2007 NS1 Mercs & Residuals	(7,545,874)	120
Alpstar CLO 2 PLC	(420,562)	912,200
	(57,507,226)	15,358,957

5. PROVISIONS FOR IMPAIRMENT, RECOGNITION OF REVERSALS OF IMPAIRMENT, RECOGNITION OF IMPROVEMENTS AND THE EFFECT ON THE DISTRIBUTION INCOME CALCULATION (CONTINUED)

AVAILABLE-FOR-SALE DEBT SECURITIES (CONTINUED)

Recognition of reversal of impairment and impairment (continued)

As at 31 July 2011, the following assets remained impaired:

	31 July 2011 Cumulative impairment €	31 July 2011 Fair value €
Carlyle HY Part IX	(2,092,045)	1,530,923
LightPoint Pan-European CLO 2006 plc	(504,756)	2,595,993
Alba 2006-1 plc	(5,248,648)	114
Alba 2006-2 plc	(10,776,244)	111
Eurosail 2006-1 PLC	(7,751,734)	286,189
Newgate Funding PLC 2006-2	(6,795,666)	112
Promise Mobility 2006-1	(5,508,753)	4,655,027
Alba 2007-1 plc	(10,199,230)	114
Northwoods Capital	(869,605)	5,327,163
Oak Hill Europe CP 2	(819,874)	1,537,257
RMAC 2007 NS1 Mercs & Residuals	(7,545,994)	114
Alpstar CLO 2 PLC	(148,828)	1,135,387
	(58,261,377)	17,068,504

Interest income on impaired available-for-sale securities amounted to €1,644,525 (semi-annual period ended 31 January 2011: €732,826).

Recognition of revised cash flow estimates on available-for-sale debt securities

The Board reviews the projected cash flows from the Company’s available-for-sale debt securities on a semi-annual basis. If the projected cumulative cash flows on any asset are significantly different from those projected on purchase of such an asset, the Board will consider the evidence supporting the revised cash flow estimates and will assess whether or not such revised cash flow estimates should be recognised in the Company’s financial statements.

As at 31 January 2012, the projected cumulative cash flows on the Company’s investment in Subordinated Notes issued by Battalion CLO were estimated to be significantly in excess of those projected at the time of purchase. The Board determined that the evidence supporting the revised cash flow estimates was sufficiently strong to justify recognition of such revised cash flow estimates in the Company’s financial statements. The recognition of revised cash flow estimates on this available-for-sale debt security positively affected the Income Statement of the Company by €2.3 million. This is presented within income on available-for-sale securities in the Income Statement.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Under IFRS, a change in the mark-to-market value of assets designated as “financial assets at fair value through profit or loss” affects the Income Statement, regardless of whether or not such a change is indicative of a change in the expected cash flows from these assets. Consequently, no impairments of the Company's investments classified as “financial assets at fair value through profit or loss” were recognised in either the current period's or prior periods’ Income Statements, as the movements on revaluation of such investments were already recognised in such Income Statements.

5. PROVISIONS FOR IMPAIRMENT, RECOGNITION OF REVERSALS OF IMPAIRMENT, RECOGNITION OF IMPROVEMENTS AND THE EFFECT ON THE DISTRIBUTION INCOME CALCULATION (CONTINUED)

EFFECT ON THE DISTRIBUTION INCOME CALCULATION

Cash flows received during the period from the six UK non-conforming assets previously impaired positively affected the Distribution Income by €2.4 million. An adjustment to the projected cash flows for Promise, on which an impairment was recognised as at 31 July 2011, positively affected the Distribution Income by €0.5 million. Revisions to the expected cash flows from three previously impaired CDOs also positively affected the Distribution Income by €1.7 million. A further impairment was recognised on Aria III for the purpose of establishing the Distribution Income, negatively affecting the Distribution Income by €2.6 million.

Since originally recognising an impairment on the Company's investment in Tennenbaum Opportunities Fund on 31 January 2009, the Company had subsequently recognised significant partial reversals of that original impairment. However, during the current period the Company recognised a partial reversal of these positive adjustments, negatively affecting the Distribution Income by €1.4 million.

The recognition of revised cash flow estimates on Battalion CLO positively affected Distribution Income by €1.6 million.

6. OPERATING SEGMENTS

The Board is charged with setting the Company's investment strategy in accordance with the IPO Prospectus. The Board has delegated the day-to-day implementation of this strategy to its Investment Manager but retains responsibility to ensure that adequate resources of the Company are directed in accordance with their decisions. The Investment Manager has been given full authority to act on behalf of the Company, including the authority to purchase and sell securities and other investments on behalf of the Company and to carry out other actions as appropriate to give effect thereto.

Whilst the Investment Manager may take investment decisions on a day-to-day basis regarding the allocation of funds to different investments, any changes to the investment strategy or major allocation decisions have to be approved by the Board, even though they may be proposed by the Investment Manager. The Board therefore retains full responsibility as to the major allocation decisions made on an ongoing basis. The Investment Manager will act under the terms of the IPO Prospectus, which cannot be radically changed without the approval of the Board and the shareholders. Accordingly, the Board is deemed to be the "Chief Operating Decision Maker" as defined under IFRS 8 "Operating Segments". The Board is of the view that the Company is engaged in a single segment of business, being investment in a diversified portfolio of collateralised debt obligations, asset-backed securities, Corporate Credits and other equity instruments.

The key measure of performance used by the Board to assess the Company's performance and to allocate resources is the revaluation of GAV, which is prepared on a monthly basis by Deutsche Bank AG. The GAV reported by Deutsche Bank AG includes all assets known to Deutsche Bank AG, adjusted for any amounts due to/from brokers and revaluation of any open derivative positions, but excludes the Company's liabilities. The table below shows a reconciliation between the measure of GAV used by the Board and that contained in the financial statements:

	31 January 2012
	€
GAV as reported to the Board at 31 January 2012	139,821,674
Adjustments:	
- RBSI bank accounts	855
- RBSI security deposit	7,635
- Coupons receivable prior to the period end, but actually received after the period end	157,537
- Prelude residual securities ($2 million) fair value adjustment	341,904
- Office insurance prepayment – Rossborough	408
GAV as per Statement of Financial Position at 31 January 2012	**140,330,013**

6. OPERATING SEGMENT (CONTINUED)

The GAV as reported by Deutsche Bank AG does not include cash held at RBSI, as this cash is held to cover expenses payable.

The GAV as reported by Deutsche Bank AG did not include a Lightpoint Pan-European coupon debtor of €103,935, a Tara 1X IV coupon debtor of €33,630 and a Black Diamond coupon debtor of $26,104 (€19,972). Coupons of these investments were receivable in January 2012. However, the coupons of Lightpoint Pan-European and Black Diamond were actually received only in February 2012 and the coupon from Tara 1X IV was received in March 2012. These amounts were treated as accrued interest as at 31 January 2012. The fair values of these investments as reported in the GAV exclude these coupons.

The GAV as reported by Deutsche Bank AG does not include any adjustments for prepaid expenses.

The GAV as reported by Deutsche Bank AG excluded the fair value of the $2 million Prelude residual securities purchased on 23 January 2012.

The Company's assets held as at the period end and income recognised from investments during the period per geographical areas in which the Company is invested are presented in the table below:

	31 January 2012		31 January 2011	
	Assets held*	Income recognised	Assets held*	Income recognised
UK	0.11	201,629	0.16	296,512
USA	63.04	10,491,565	63.54	4,576,867
Europe (excluding UK)	32.03	3,637,155	32.03	5,142,024
Emerging markets	1.93	148,922	3.00	156,772
Total	97.11	14,479,271	98.73	10,172,175

*Assets held are shown as a percentage of GAV.

The Company is domiciled in Guernsey. However, none of the Company's investments are domiciled in Guernsey. Consequently no investment income is derived from Guernsey sources.

The Company does not hold any non-current assets other than financial instruments.

The Company did not hold any investments that individually represented more than 10% of the Company's effective interest income.

The income recognised during the period from ABS was €623,204 (semi-annual period ended 31 January 2011: €945,194); from Corporate Credits was €3,080,156 (semi-annual period ended 31 January 2011: €2,775,922); and from CDOs was €10,775,911 (including recognition of an upward revision of cash flow estimates on one CDO of €2,282,931) (semi-annual period ended 31 January 2011: €6,451,059).

7. COMPANY SECRETARIAL, ADMINISTRATION AND ACCOUNTANCY FEES

State Street (Guernsey) Limited acts as Company Secretary, Administrator and Registrar. Company secretarial, administration and accountancy fees are incurred and billed on a time cost basis in accordance with State Street (Guernsey) Limited's standard fee scales, subject to an annual cap of £220,000 with respect to the activities and responsibilities as set out in the Administration, Registrar and Secretarial Agreement.

8. DIRECTORS' REMUNERATION

	1 August 2011 to 31 January 2012	1 August 2010 to 31 January 2011
	€	€
Directors' fees (cash element)	**113,400**	109,196
Directors' fees (equity element, settled during the period)	**28,350**	27,600
Directors' fees (equity element, settled after the period end)	**20,250**	19,199
Directors' expenses	**8,341**	3,794
	170,341	159,789

None of the Directors has any direct personal financial interest in any of the Company's investments other than indirectly through their shareholding in the Company.

9. DIVIDENDS

The following dividends have been proposed and/or paid during the period ended 31 January 2012 and during prior periods:

	Dividend per share €
Dividend for the semi-annual period ended 31 January 2012 (proposed)	0.22
Dividend for the semi-annual period ended 31 July 2011 (paid 16 January 2012)	0.22
Dividend for the semi-annual period ended 31 January 2011 (paid 11 April 2011)	0.22
Dividend for the semi-annual period ended 31 July 2010 (paid 12 January 2011)	0.16

10. EARNINGS PER SHARE ("EPS")

The calculation of the basic and diluted EPS is based on the following information:

	1 August 2011 to 31 January 2012 **€**	1 August 2010 to 31 January 2011 €
Profit for the purposes of basic EPS being net profit attributable to equity holders	**16,009,656**	18,640,398
	Number	Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	**30,815,232**	30,550,425
Dilutive effect of ordinary shares subject to warrants	**—**	—
Warrants (exercisable at €10 per share)	**—**	—
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**30,815,232**	30,550,425

The average market price, based on closing prices quoted on Euronext Amsterdam, for one ordinary share during the semi-annual period to 31 January 2012 was €3.41 (€3.12 during the six month period to 31 January 2011).

11. AVAILABLE-FOR-SALE SECURITIES

	31 January 2012 Amortised cost **€**	**31 January 2012 Unrealised (losses)/gains** **€**	**31 January 2012 Fair value** **€**
Available-for-sale debt securities (amortised cost basis)			
Corporate Credits	**16,113,202**	**(3,855,779)**	**12,257,423**
CDO assets	**97,137,604**	**(4,854,511)**	**92,283,093**
ABS assets	**4,997,438**	**—**	**4,997,438**
	118,248,244	**(8,710,290)**	**109,537,954**
Available-for-sale equity securities (cost)			
Equity instrument (CDO)	**10,930,737**	**2,921,175**	**13,851,912**
Total available-for-sale securities	**129,178,981**	**(5,789,115)**	**123,389,866**

	31 July 2011 Amortised cost €	31 July 2011 Unrealised (losses)/gains €	31 July 2011 Fair value €
Available-for-sale debt securities (amortised cost basis)			
Corporate Credits	15,094,908	(292,724)	14,802,184
CDO assets	91,101,420	4,812,913	95,914,333
ABS assets	4,941,783	—	4,941,783
	111,138,111	4,520,189	115,685,300
Available-for-sale equity securities (cost)			
Equity instrument (CDO)	5,388,902	3,937,591	9,326,493
Total available-for-sale securities	116,527,013	8,457,780	124,984,793

Amortised cost is calculated after deduction of impairment losses recognised. Dividends received recognised within income on available-for-sale securities – effective interest income and dividend income amounted to €702,298 (semi-annual period ended 31 January 2011: €600,201).

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As noted overleaf, financial instruments are designated at fair value through profit or loss if the host contract contains one or more embedded derivatives as permitted by IAS 39 – "Financial Instruments: Recognition and Measurement". Financial instruments at fair value through profit or loss are measured at fair value and changes therein are recognised in the Income Statement.

	1 August 2011 to 31 January 2012	1 February 2011 to 31 July 2011	1 August 2010 to 31 January 2011
	€	€	€
Fair value brought forward	**6,203,728**	8,550,560	8,134,604
Purchases	**5,903,189**	-	-
Coupons received	**(1,423,268)**	(1,295,827)	(1,283,828)
Interest income accrued	**1,664,763**	1,422,043	1,506,943
Sales	**(1,567,463)**	-	-
Retranslation at period end	**79,087**	-	-
Unrealised movement in fair value	**(2,609,473)**	(2,473,048)	192,841
Fair value carried forward	**8,250,563**	6,203,728	8,550,560

13. OPEN FOREIGN EXCHANGE SWAPS AND OPTIONS

Foreign exchange swaps and options are classified as financial instruments at fair value through profit or loss and are held to hedge some of the currency exposure generated by non-Euro assets held by the Company (see Note 21). The hedge has been put in place taking into account the fact that derivative positions, such as simple foreign exchange swaps, could cause the Company to require cash to fund margin calls on those positions. Considering this, the Company decided to use foreign exchange call and put options to limit the liquidity risk that could be created in the event of significant margin calls. As a consequence of this limitation, there is no certainty that hedging some of the currency exposure generated by non-Euro assets could continue to be performed in the future in case of high volatility in the US dollar/Euro cross rate.

The margin account balance is offset against open foreign exchange swaps and options.

14. TRADE AND OTHER RECEIVABLES

	31 January 2012	31 July 2011
	€	€
Prepayments	**408**	27,808
Accrued income receivable	**4,638,008**	4,744,191
Security deposit	**7,635**	7,232
	4,646,051	4,779,231

15. CASH AND CASH EQUIVALENTS

	31 January 2012	31 July 2011
	€	€
Deposit accounts	**2,645,982**	8,877,091

Cash and cash equivalents (which are presented as a single class of asset on the face of the Statement of Financial Position) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less at inception.

16. TRADE AND OTHER PAYABLES

	31 January 2012	31 July 2011
	€	€
Investment management fees	**987,749**	951,449
Investment Manager incentive fees	**1,067,220**	1,389,010
Dividends payable	**44,502**	—
Directors' fees (cash payable)	**47,250**	66,150
Directors' fees (shares payable)	**20,250**	28,350
Accrued expenses and other payables	**229,545**	220,555
	2,396,516	2,655,514

17. SHARE CAPITAL

Authorised

	31 January 2012 Number of shares	31 July 2011 Number of shares
Ordinary shares of no par value each	**Unlimited**	Unlimited
Class B convertible ordinary share of no par value	**1**	1
Class C non-voting convertible ordinary shares of no par value each	**Unlimited**	Unlimited

The authorised share capital of the Company comprises: an unlimited number of voting, non-convertible ordinary shares with no par value each; a single voting, convertible Class B share of no par value; and an unlimited number of non-voting convertible Class C shares of no par value each.

With respect to voting rights at general meetings of the Company, the ordinary shares and Class B share confer on the holder of such shares the right to one vote for each share held, whilst the holders of Class C shares do not have the right to vote.

The Class B share is identical in all respects to the Company's other shares, except that it will entitle the holder of the Class B share (an affiliate of AXA S.A.) to elect a single Director to the Company's Board of Directors. At such time as the holdings of the AXA Group investors decline to less than 5% of the Company's equity capitalisation (with the Class B share and the other issued and outstanding ordinary shares taken together), the Class B share shall be converted to an ordinary share.

The Class C shares are non-voting shares but in all other respects have the same rights and entitlements as the ordinary shares.

Each class of share ranks pari passu with each other with respect to participation in the profits and losses of the Company. The Directors consider recommendation of a dividend on a semi-annual basis, having regard to various considerations, including the financial position of the Company. The Company may declare an interim dividend by ordinary resolution of the Directors and may declare a final dividend by ordinary resolution of the shareholders at a general meeting but no dividend shall exceed the amount recommended by the Board of Directors.

Issued and fully paid:

	Ordinary number of shares	B share number of shares	C shares number of shares	Warrants number of shares
Balance at 31 July 2010	**30,310,670**	**1**	**—**	**3,000,000**
Issued to Directors during the period	20,760	—	—	—
Scrip dividend paid	448,324	—	—	—
Balance at 31 January 2011	**30,779,754**	**1**	**—**	**3,000,000**
Issued to Directors during the period	14,424	—	—	—
Balance at 31 July 2011	**30,794,178**	**1**	**—**	**3,000,000**
Issued to Directors during the period	15,170	—	—	—
Scrip dividend paid	122,868	—	—	—
Balance at 31 January 2012	**30,932,216**	**1**	**—**	**3,000,000**

The IPO of ordinary shares on 20 December 2006 was priced at €10 per share. Shares have subsequently been issued to the Directors on a quarterly basis in respect of 30% of their fees at the following prices per share: €9.49; €9.37; €7.80; €7.00; €6.32; €3.90; €2.80; €1.74; €0.52; €0.84; €1.23; €1.53; €1.88; €2.13; €2.67; €3.57; €4.03; €4.01; and €3.50. During the period ended 31 January 2012, a scrip dividend was paid whereby 122,868 shares were issued at €2.9981 per share (period ended 31 January 2011: 448,324 shares were issued at €3.21 per share).

18. SHARE PREMIUM ACCOUNT

	Ordinary €	B share €	C shares €	Warrants €
Balance at 31 July 2010	**523,561**	**—**	**—**	**1,410,000**
Issued to Directors during the period	49,800	—	—	—
Scrip dividend paid	1,437,505	—	—	—
Balance as 31 January 2011	**2,010,866**	**—**	**—**	**1,410,000**
Issued to Directors during the period	55,649	—	—	—
Balance at 31 July 2011	**2,066,515**	**—**	**—**	**1,410,000**
Issued to Directors during the period	56,699	—	—	—
Scrip dividend paid	368,371	—	—	—
Balance as 31 January 2012	**2,491,585**	**—**	**—**	**1,410,000**

The share premium account represents the issue proceeds received, or value attributed, from the issue of share capital, except for the share premium amount of €285,001,174 arising from the Company's initial issue of share capital upon its IPO, which was transferred to other distributable reserves on 26 January 2007, following approval by the Guernsey Royal Court.

19. WARRANTS

	31 January 2012	31 July 2011
Number of warrants issued at IPO (1:1 exercisable for C shares)	**3,000,000**	3,000,000
Value of warrants at IPO	**€1,410,000**	€1,410,000
Exercise price	**€10**	€10
Exercise period – start date	**01/12/2008**	01/12/2008
Exercise period – end date	**31/12/2016**	31/12/2016
Closing price of ordinary shares at period end	**€3.49**	€3.91
Theoretical value per warrant if exercised at period end	**—**	—
Dilutive effect of warrants	**—**	—

The warrants were issued to the Investment Manager upon the closing of the IPO. The warrants give the Investment Manager the right to acquire an amount of Class C shares equivalent to 10% of the number of shares in issue immediately following the closing, at an exercise price per share equal to the offer price of €10 per share. The warrants became exercisable after 30 November 2008 and will cease to be exercisable after 31 December 2016.

20. RESERVES

	Accumulated loss €	Other distributable reserves €	Unrealised losses €
As at 31 July 2010	(145,434,768)	256,700,276	(14,616,834)
Net profit for the period	18,640,398	—	-
Net unrealised fair value movement on available-for-sale securities	—	—	26,036,937
Net realised net gain on available-for-sale securities, previously recognised in equity in prior periods as a net unrealised gain, transferred to the Income Statement	—	—	(470,964)
Scrip dividend paid	—	(1,437,505)	—
Dividend paid	—	(3,418,392)	—
As at 31 January 2011	(126,794,370)	251,844,379	10,949,139
As at 31 July 2011	(114,438,772)	245,071,649	8,457,780
Profit for the period	16,009,656	—	—
Net unrealised fair value movement on available-for-sale securities	—	—	(14,141,385)
Net realised net gain on available-for-sale securities, previously recognised in equity in prior periods as a net unrealised gain, transferred to the Income Statement	—	—	(105,510)
Scrip dividend paid	—	(368,371)	—
Dividend paid	—	(6,408,633)	—
Dividend payable	—	(44,502)	—
As at 31 January 2012	**(98,429,116)**	**238,250,143**	**(5,789,115)**

20. RESERVES (CONTINUED)

The accumulated loss reserve represents all profits and losses recognised through the Income Statement to date.

Other distributable reserves represent the balance transferred from the share premium account on 26 January 2007, less dividends paid. The initial purpose of this reserve was to create a reserve from which dividend payments could be paid under Guernsey company law prevailing at that time. However, The Companies (Guernsey) Law, 2008 became effective from 1 July 2008. Under this law, dividends may now be paid from any source, provided that a company satisfies the relevant solvency tests and the Directors make the appropriate solvency declaration.

The net unrealised losses reserve represents the difference between the fair value of available-for-sale securities and their amortised cost.

21. FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Company's activities. Below is a non-exhaustive summary of the risks that the Company is exposed to as a result of its use of financial instruments:

MARKET RISK

Market risk is the risk of changes in market prices, such as foreign exchange rates and equity prices, affecting the Company's income and/or the value of its holdings in financial instruments.

The Company's exposure to market risk comes mainly from movements in the value of its investments. Changes in credit spreads may further affect the Company's net equity or net income directly through their impact on unrealised gains or losses on investments within the portfolio and therefore the Company's ability to make gains on such investments, or indirectly through their impact on the Company's ability to borrow and access capital (and its cost of capital).

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk. The Company's strategy for the management of market risk is driven by its investment objective to preserve capital and to provide a stable stream of income to its shareholders through dividends by investing in a variety of assets selected for the purpose of generating overall stable and predictable cash flows. The Company's market risk is managed on a daily basis by the Investment Manager in accordance with policies and procedures in place.

The Company intends to mitigate market risk generally by pursuing a multi-asset class investment strategy involving direct and indirect investments in a number of asset classes that naturally tend to involve a diversification of underlying market risk. The Company generally intends to structure synthetic investment exposures so as to mitigate credit exposure to its counterparties. The Company's market positions are monitored on a quarterly basis by the Board of Directors. The Company uses derivatives to manage its exposure to foreign currency, interest rate and equity market risks. The instruments used include interest rate swaps, forward contracts, futures and options. The Company does not apply hedge accounting.

FAIR VALUE ESTIMATION

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each period end date.

Where a financial asset involves an arranging bank, or another market participant, that provides valuations on a monthly basis, the valuation is sourced from such arranging bank. In many cases, the arranging bank determines the valuation based on pricing models, which may or may not produce values that correspond to the prices that the Company could obtain if it sought to liquidate such positions. Such valuations generally involve subjective judgements on key model inputs, particularly default and recovery rates, and may not be uniform. In the case of all of these assets, banks and other market participants are currently unwilling to disclose either the key model inputs or the discount rates that have been used to produce such valuations. In such circumstances, the valuation continues to be sourced from such arranging bank, or other market participant, despite the lack of valuation assumptions.

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

FAIR VALUE ESTIMATION (CONTINUED)

Where a financial asset does not involve an arranging bank, or if an arranging bank is unwilling to provide valuations, the Investment Manager will provide a monthly valuation based on a pricing model or through comparable asset prices.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities. Investments, whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities. The quoted price for these instruments is not adjusted;

- Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information; and

- Level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. The determination of what constitutes “observable" requires significant judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

The following table analyses, within the fair value hierarchy, the Company's financial assets and liabilities (by class) measured at fair value at 31 January 2012 and 31 July 2011:

		31 January 2012		
	Level 1 €	Level 2 €	Level 3 €	Total €
Available-for-sale securities:				
- debt securities	—	—	109,537,954	109,537,954
- equity securities	—	—	13,851,912	13,851,912
Financial assets at fair value through profit or loss:				
- debt securities	—	—	8,250,563	8,250,563
- open foreign exchange swaps and options	—	1,397,551	—	1,397,551
	—	1,397,551	131,640,429	133,037,980

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

FAIR VALUE ESTIMATION (CONTINUED)

	31 July 2011			
	Level 1 €	Level 2 €	Level 3 €	Total €
Available-for-sale securities:				
- debt securities	—	—	115,658,300	115,658,300
- equity securities	—	9,326,493	—	9,326,493
Financial assets at fair value through profit or loss:				
- debt securities	—	—	6,203,728	6,203,728
- open foreign exchange swaps and options	—	377,843	—	377,843
	—	9,704,336	121,862,028	131,566,364

The majority of the Company's investments are classified within level 3 as they have significant unobservable inputs and they trade infrequently. As observable prices are not available for these securities, the Company has used valuation techniques (Note 4) to derive their fair value.

Options and open foreign exchange swaps are included in level 2 as their prices are not publicly available but are derived from underlying assets or elements that are publicly available.

The following table represents the movement in level 3 instruments for the period ended 31 January 2012 by class of financial instrument:

	Debt securities		**Equity securities**	
	Available-for-sale securities €	**Financial assets at fair value through profit or loss** €	**Available-for-sale securities** €	**Total** €
Balance as at 31 July 2011	115,658,300	6,203,728	—	121,862,028
Transfer from level 2 to level 3 (Tennenbaum Opportunities Fund V)	—	—	9,326,493	9,326,493
Purchases	4,351,610	5,903,189	5,000,000	15,254,799
Sale	(2,533,906)	(1,597,730)	—	(4,131,636)
Interest coupons received	(13,036,322)	(1,423,268)	—	(14,459,590)
Total gains and losses recognised in the Income Statement				
- Interest income recognised	11,785,813	1,664,763	—	13,450,576
- Net reversal of impairments previously recognised	754,151	—	—	754,151
- Net foreign exchange gain	5,657,462	79,087	541,836	6,278,385
- Net realised gain on available-for-sale securities	131,324	30,267	—	161,591
- Loss on financial assets at fair value through profit or loss	—	(2,609,473)	—	(2,609,473)
Subtotal	**122,768,432**	**8,250,563**	**14,868,329**	**145,887,324**
Total gains or losses for the year included in the Statement of Comprehensive Income for assets held at the end of the period	(13,230,478)	—	(1,016,417)	(14,246,895)
Balance as at 31 January 2012	**109,537,954**	**8,250,563**	**13,851,912**	**131,640,429**

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

FAIR VALUE ESTIMATION (CONTINUED)

SENSITIVITY ANALYSIS

In the opinion of the Directors, and as of 31 January 2012, the following analysis gives an approximation of the sensitivity of the different asset classes to market risk that seems reasonable considering the current market environment and the nature of the Company's assets' main underlying risks.

This sensitivity analysis presents an approximation of the potential effects of events that could have been reasonably expected to occur as at the reporting date.

The sensitivity of the fair values of most of the assets held by the Company to the traditional risk variables are not the most relevant in the current environment. For example, the sensitivity to interest rates is inter-dependent with other market variables.

The present analysis reflects the sensitivity to some of the most relevant determinants of the risks associated with each asset class.

Whilst every effort has been made to assess the pertinent risk factors, there is no assurance that all the risk factors have been considered. Other risk factors could become large determinants of the fair value.

Available-for-sale debt securities

Available-for-sale ("AFS") debt securities includes ABS positions, Corporate Credit assets and CDO assets.

The main determinant of the risks associated with the ABS positions held by the Company is the level of credit losses on the underlying collateral. Considering the losses observed over the past financial year, the Directors believe it is reasonable to test an increase and a decrease of 25% in the expected annual losses of the underlying portfolio relative to the expected losses used to value the assets, as of the end of January 2012. If the expected losses on the ABS assets underlying portfolio were to increase, respectively decrease, by 25%, the fair value of these assets would decrease, respectively increase, by 20% (15.5% as of the end of July 2011) and the Company's NAV would decrease, respectively increase, by approximately €1 million (€0.8m as of the end of July 2011).

The Corporate Credit assets held by the Company are first loss or junior second loss exposures to diversified portfolios of investment grade and sub-investment grade Corporate Credits. One of the main determinants of the risks associated with these assets is the occurrence of defaults in the underlying portfolio. The Directors believe it is reasonable to test the sensitivity of these assets to a change in the occurrence of defaults for the year, keeping the expected future losses unchanged for the following years.

The test has been calibrated as an amount equivalent to one year of expected defaults, measured by the WARF of the underlying portfolio. The fair value of theses assets would be almost unchanged and the Company's NAV would decrease, respectively increase, by approximately €100 (unchanged from July 2011) if defaults for the first year increase, respectively decrease, by such amount. This low sensitivity is due to the seniority of these positions relative to losses that could occur in the underlying portfolio and for one asset being a first loss position, from its already very low valuation.

The CDO assets held by the Company are either residual tranches or mezzanine tranches of CLOs. One of the main determinants of the risks associated with these assets is the occurrence of defaults in the underlying portfolio. The Directors believe it is reasonable to test the sensitivity of these assets to an increase and a decrease in the occurrence of defaults for the year, keeping the expected future losses unchanged for the following years.

The test has been calibrated as an amount equivalent to one year of expected defaults, measured by the WARF of the underlying portfolio.

The fair value of the residual tranches of CLOs would decrease, respectively increase, by 19% and 10% (July 2011: 15% and 12%) and the Company's NAV would decrease by approximately €3.9 million (July 2011: €6 million), respectively increase by approximately €3.5 million (July 2011: €4.8 million), if defaults for the year increase, respectively decrease, by such amount.

The fair value of the mezzanine tranches of CLOs would be roughly unchanged if defaults for the year increase, respectively decrease, by such amount.

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

FAIR VALUE ESTIMATION (CONTINUED)

SENSITIVITY ANALYSIS (CONTINUED)

Available-for-sale equity securities

Available-for-sale equity securities comprise the following residual tranche CDO assets: Tennenbaum Opportunities Funds V and Bank Capital Opportunity Fund. One of the main determinants of the risks associated with this asset type is the occurrence of defaults in the underlying portfolio. The Directors believe it is reasonable to test the sensitivity of these asset to an increase and a decrease of defaults for the year keeping the expected future losses unchanged for the following years.

The test has been calibrated as an amount equivalent to one year of expected defaults, measured by the WARF of the underlying portfolio.

The fair value of these assets would decrease, respectively increase, by 1.1% (July 2011: 1.7%) and the Company's NAV would decrease, respectively increase, by approximately €0.2 million (July 2011: €0.2 million) if defaults for the first year increase, respectively decrease, by such amount.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise ARIA CDO III, Cadenza, Start and Corsair. One of the main determinants of the risks associated with this asset class is the occurrence of defaults in the underlying portfolio. The Directors believe it is reasonable to test the sensitivity of these assets to an increase and a decrease in the occurrence of defaults for the year keeping the expected future losses unchanged for the following year.

The test has been calibrated as an amount equivalent to one year of expected defaults, measured by the WARF of the underlying portfolio. The fair value of these assets would decrease, respectively increase, by 21% (in July 2011 it was 13%) and the Company's NAV would decrease, respectively increase, by approximately €1.9 million (in July 2011 it was €1 million) if defaults for the first year increase, respectively decrease, by such amount.

As regards the mark-to-market spread of the underlying portfolio, the test has been calibrated to an increase and a decrease by approximately one-sixth of the spreads of the underlying portfolio. This test is only adequate for ARIA CDO III and Cadenza (July 2011 comparative figures relate to Aria III only, as Cadenza was purchased during the period) and the fair value would decrease by 4.7% (July 2011: 2.8%), or respectively increase by 6.0% (July 2011: 2.3%) and the Company's NAV would therefore decrease by €0.4 million (July 2011: €0.2 million), or respectively increase by €0.4 million (July 2011: €0.2 million) if spreads of the underlying portfolio assets increase, respectively decrease, by such proportion.

INTEREST RATE RISK

Changes in interest rates can affect the Company's net interest income, which is the difference between the interest income earned on interest-earning investments and the interest expense incurred on interest-bearing liabilities. Changes in the level of interest rates can also affect, among other things, the Company's ability to acquire loans and investments, the value of its investments and the Company's ability to realise gains from the settlement of such assets.

The Company may enter into hedging transactions for the purposes of efficient portfolio management, where appropriate, to protect its investment portfolio from interest rate fluctuations. These instruments may be used to hedge as much of the interest rate risk as the Investment Manager determines is in the best interests of the Company, given the cost of such hedges. The Company may bear a level of interest rate risk that could otherwise be hedged when the Investment Manager believes, based on all relevant facts, that bearing such risks is advisable.

Interest rate risk is analysed by the Investment Manager on a daily basis and is communicated and monitored by the Board through the quarterly business report.

The table overleaf summarises the effective interest rates applicable to the Company's interest bearing financial assets and financial liabilities as at the end of the period. The effective interest rates presented for the Company's investments have been determined from modelled expected future cash flows and should therefore not be considered to represent the actual coupon rates receivable.

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

INTEREST RATE RISK (CONTINUED)

Interest rate profile as at 31 January 2012

	Interest charging basis	Effective interest rate %	Amount €
Financial assets			
Cash and cash equivalents:			
Euro deposit accounts	Floating	**Eonia – 25bp**	**1,864,812**
USD deposit accounts	Floating	**Libor USD Overnight – 25bp**	**764,663**
GBP deposit accounts	Floating	**SONIA Overnight – 40bp**	**16,507**
			2,645,982
Available-for-sale securities:			
AFS (denominated in EUR)	Fixed/Floating	**9.54%**	**42,409,412**
AFS (denominated in USD)	Fixed/Floating	**10.60%**	**80,831,680**
AFS (denominated in GBP)	Fixed/Floating	**135.53%**	**148,774**
			123,389,866
Financial assets at fair value through profit or loss (EUR)	Floating	**six month Euribor + 15.50%**	**7,870,175**
Financial assets at fair value through profit or loss (USD)	Floating	**Three month USD Libor + 16.00%**	**380,388**
			8,250,563
Trade and other receivables	Non-interest bearing	**n/a**	**4,646,051**
Derivative contracts	Non-interest bearing	**n/a**	**1,397,551**
			6,043,602
			140,330,013
Financial liabilities			
Trade and other payables	Non-interest bearing	**n/a**	**2,396,516**
			2,396,516

Interest rate profile as at 31 July 2011

	Interest charging basis	Effective interest rate %	Amount €
Financial assets			
Cash and cash equivalents:			
Euro deposit accounts	Floating	Eonia – 25bp	7,267,586
USD deposit accounts	Floating	Libor USD Overnight – 25bp	1,416,692
GBP deposit accounts	Floating	SONIA Overnight – 40bp	192,813
			8,877,091
Available-for-sale securities:			
AFS (denominated in EUR)	Fixed/Floating	23.93%	44,271,727
AFS (denominated in USD)	Fixed/Floating	14.01%	80,426,310
AFS (denominated in GBP)	Fixed/Floating	264.55%	286,756
			124,984,793
Financial assets at fair value through profit or loss (EUR)	Floating	Six month Euribor + 13.88%	6,203,728
Trade and other receivables	Non-interest bearing	n/a	4,779,231
Derivative contracts	Non-interest bearing	n/a	377,843
			11,360,802
			145,222,686
Financial liabilities			
Trade and other payables	Non-interest bearing	n/a	(2,655,514)
			(2,655,514)

In respect of the Company's interest bearing financial instruments, the Company's current policy is to transact in financial instruments that mature or reprice in the short-term. Accordingly, the Company would be subject to limited exposure to fair value or cash flow interest rate risk due to fluctuations in the prevailing levels of interest rates. In the Board's opinion, interest rate risk on other investments held is not considered to be significant.

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

CURRENCY RISK

The Company's accounts are denominated in Euro while investments are made and realised in both Euro and other currencies. Changes in rates of exchange may have an adverse effect on the value, price or income of the investments. A change in foreign currency exchange rates may adversely impact returns on the Company's non-Euro-denominated investments. The Company's principal non-Euro currency exposures are expected to be the US dollar and British pound sterling, but this may change over time.

The Company's policy is to hedge currency risk on an asset by asset basis and also, where the Investment Manager considers appropriate, on an overall portfolio basis. The Company may bear a level of currency risk that could otherwise be hedged where the Investment Manager considers that bearing such risks is advisable or is in the best interest of the Company considering the liquidity risk that is attached to any derivative contracts that could be used (e.g. margin calls on those contracts). At the end of January 2012 the Investment Manager has put into place arrangements to hedge into Euro its US dollar exposure associated with the US dollar-denominated assets. In order to reduce the risk of having to post a potentially unlimited amount of cash with respect to forward Euro/US dollar foreign exchange swaps, the Investment Manager has capped and floored those amounts using short to mid-term options. Consequently, there is no guarantee that hedging the currency exposure generated by US dollar assets can continue to be performed in the future if volatility in the US dollar/Euro cross rate is very high.

The exposure associated with the British pound sterling-denominated residuals of asset-backed securities is unhedged as at the end of January 2012 given the limited amount that is considered.

Currency risk is analysed by the Investment Manager on a daily basis and is communicated and monitored by the Board through the quarterly business report.

Currency risk profile as at 31 January 2012

	Denominated in Euro €	Denominated in USD €	Denominated in GBP €
Investments:			
Available-for-sale debt securities	**37,432,913**	**71,956,267**	**148,774**
Financial assets at fair value through profit or loss	**7,870,174**	**380,389**	**—**
Available-for-sale equity securities	**4,976,500**	**8,875,412**	**—**
	50,279,587	**81,212,068**	**148,774**
Cash and cash equivalents	**1,864,812**	**764,663**	**16,507**
Trade and other receivables	**3,066,452**	**1,571,554**	**8,045**
Trade and other payables	**(2,322,134)**	**(1,148)**	**(73,234)**
Derivative contracts	**1,397,551**	**—**	**—**
	54,286,267	**83,547,138**	**100,092**

The following foreign exchange swaps and options were unsettled as at 31 January 2012:

Description of open positions	Nominal amount USD	Average strike price
Forward foreign exchange contracts (USD sold forward vs. Euro)	65,000,000	1.34
Long position – USD calls vs. Euro	50,000,000	1.27
Short position – USD puts vs. Euro	50,800,000	1.47

	Unrealised gain Euro
Aggregate revaluation gain	227,551
Margin accounts balance – amounts received	1,170,000
Unsettled revaluation gain	1,397,551

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

CURRENCY RISK (CONTINUED)

Currency risk profile as at 31 July 2011

	Denominated in Euro €	Denominated in USD €	Denominated in GBP €
Investments			
Available-for-sale debt securities	44,271,727	71,099,817	286,756
Financial assets at fair value through profit or loss	6,203,728	—	—
Available-for-sale equity securities	—	9,326,493	—
	50,475,455	80,426,310	286,756
Cash and cash equivalents	7,267,586	1,416,692	192,813
Trade and other receivables	3,052,847	1,719,147	7,237
Trade and other payables	(2,607,989)	(1,043)	(46,482)
Derivative contracts	377,843	—	—
	58,565,742	83,561,106	440,324

The following foreign exchange swaps and options were unsettled as at 31 July 2011:

Description of open positions	Nominal amount USD	Average strike price
Forward foreign exchange contracts (USD sold forward vs. Euro)	70,000,000	1.37
Long position – USD calls vs. Euro	60,000,000	1.28
Short position – USD puts vs. Euro	60,800,000	1.49

	Unrealised gain Euro
Aggregate revaluation gain	1,377,843
Margin accounts balance – amounts received	(1,000,000)
Unsettled revaluation gain	377,843

VALUATION RISK

The markets for many of the Company's investments, including residual income positions, are illiquid. Accordingly, many of the Company's investments are or will be illiquid. In periods of market uncertainty or distress, the markets for the Company's investments may become increasingly illiquid or even cease to function effectively for a period of time. In addition, investments that the Company may purchase in privately negotiated (also called "over the counter" or "OTC") transactions may not be registered under relevant securities laws or otherwise may not be freely tradable, rendering them less liquid than other investments. Tax or other attributes of securities or loans in which the Company invests may make them attractive to only a limited range of investors. There may also be contractual or other restrictions on transfers of the Company's investments. As a result of these and other factors, the Company's ability to vary its portfolio in a timely fashion and to receive a fair price in response to changes in economic and other conditions may be limited and the Company may be forced to hold investments for an indefinite period of time or until the maturity or early redemption thereof.

Furthermore, where the Company acquires investments for which there is not a readily available market, the Company's ability to obtain reliable information about the resale value of such investments or risks to which such investment is exposed may be limited. Illiquidity contributes to uncertainty about the values ascribed to investments when NAV determinations are made, which can cause those determinations to vary from amounts that could be realised if the Company were to seek to liquidate its investments. The Company could also face some difficulties when collecting reliable information about the value of its assets if all or part of the contributors for such information was to experience significant business difficulties or were to suspend relative market activities. This could affect the timing and determination process when assessing the value of the Company's investments.

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

VALUATION RISK (CONTINUED)

Although the Company and its agents are able to refer to reported over-the-counter trading prices and prices from brokers when valuing its investments, for most investments the Company's pricing sources frequently need to rely on financial pricing models based on assumptions concerning a number of variables, some of which involve subjective judgements and may not be uniform.

If the Company was unable to collect reliable information about the value of its assets the Investment Manager has agreed to provide a monthly valuation based on pricing models. The Company will use reasonable endeavours to engage an independent third party to review semi-annually the main assumptions employed by the Investment Manager and to report the fairness and reasonableness of those assumptions and valuations to the Portfolio Administrator and the Company.

CREDIT RISK (INCLUDING COUNTERPARTY RISK)

Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date. This also relates to financial assets carried at amortised cost, as they have a short-term to maturity.

At the reporting date, the Company's financial assets exposed to credit risk are available-for-sale securities, financial assets at fair value through profit or loss, open foreign exchange contracts and cash and cash equivalents.

AFS debt securities include ABS positions, Corporate Credit assets and CDO assets.

The ABS positions could be split into two different buckets: one deal backed by German SME loans (Promise Mobility) represents 94% of the fair value of the asset class; and six residual income positions backed by UK non-conforming residential loans. Since July 2011 no particular event affected this investment and the end of July statement on the pace of further defaults has been maintained without any change. Since its purchase, in December 2006, this asset paid cash flows representing 68.2% of the amount invested. At the period end, the six UK non-conforming residual positions reflects the conservative approach that such cash flows being the result of extra payments at the underlying level should not last.

The Corporate Credit assets include investments in tranches initially rated AAA or A tranches. Half of the Corporate Credit positions are first loss positions in credit portfolios. The other half is senior or mezzanine debt tranches of Corporate Credit portfolios. Regarding ARIA III, during the semi-annual period, the credit risk of the underlying portfolio was maintained, as measured by S&P through the WARF, mostly due to downgrades on European financials.

The positions in CDOs, except one CDO of ABS, are residual or mezzanine debt tranches of CLOs. CLOs being term leveraged structures at a fixed margin, they can generate more excess payments, through re-investments, when markets are under stress than under normal circumstances. Overall, for these ten transactions, US dollar and Euro transactions altogether, held since early/mid 2007, the effective cash flows available for the owner of the residual positions have increased by more than 35% throughout the crisis as a result of the significant increase of the weighted average spread of the underlying portfolios.

A residual position on a CLO also gives access to the amount that remains in the structure once the debt tranches are paid back (at maturity if the normal process of deleveraging the structure takes place, sooner if the deal is called by the residual holders). It can be possible to measure the principal amount of the underlying loan portfolios (defaulted loans are valued at their market value) that exceeds the principal amount of the outstanding CLO debt tranches at any point in time. The average remaining principal amount of the eleven classic residual positions held by Volta was 99% at the end of January 2012, up 5% over six months, according to the latest CLO reports available at this time. It illustrates the ability of the underlying portfolio managers to re-build principal value for the residual holder.

All of the positions in this bucket (including Tennenbaum and Prelude) are negatively exposed to an increase in default rates, in the percentage of assets rated CCC or below and to a significant decrease in underlying loans. However, they also benefit from some of their intrinsic features, mainly the ability to re-invest diverted amounts and prepayments.

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

CREDIT RISK (INCLUDING COUNTERPARTY RISK) (CONTINUED)

With the exception of one Mezzanine CLO investment that is unrated but could be considered equivalent to BB- rated tranche taking into account its level of subordination, the investments in tranches of CLOs have been in tranches initially rated between BB (second loss position) and AA (generally fifth position). These positions, as for the residual holdings, have cash flows that are sensitive to the level of defaults and the percentage of assets rated CCC or lower in the underlying loan portfolio. Nevertheless, these tranches are structured to be able to absorb a higher level of defaults in the underlying loans portfolio than residual holdings, given their second, third and even higher loss ranking.

It should be noted that if the current sovereign debt crisis, especially in the Euro Zone, degenerates into a more general and profound economic crisis, the positioning of the Company predominantly toward Corporate Credit exposures, even if it has been a correct choice for the last three years, could generate some significant losses.

Six of these positions (Adagio III, Alpstar II, Centurion, Apidos, Black Diamond and Tara Hill) have structural features that could generate some early payments of principal that should be beneficial to the Company, considering these positions were bought significantly below par. During the period, two of the Company's mezzanine debt tranches paid part of their principal.

The table below takes into account losses of nominal amounts that could not be recouped for Corporate Credit and ABS; residual tranches of CLOs are accounted for by their remaining principal amount; and US dollar nominal amounts being translated in Euro using end of period cross rate.

	End of period nominal amounts					
	July 2009	January 2010	July 2010	January 2011	July 2011	January 2012
First loss tranches of Corporate Credit	25.3	25.3	25.4	26.3	26.2	28.3
Mezzanine tranches of Corporate Credit	-	14.7	15.6	14.9	14.2	23.4
First loss tranches of CDOs	35.3	44.6	50.2	52.7	54.7	63.2
Mezzanine debt tranches of CDOs	31.1	61.2	77.0	94.2	95.3	102.5
ABS (including near cash ABS asset)	13.3	15.7	14.0	11.8	9.6	9.6
Cash including cash collateral	27.7	4.2	5.5	1.7	8.1	3.8
Total Nominal (including cash)	**132.6**	**165.7**	**187.7**	**201.7**	**208.1**	**230.7**
Change from previous date due to USD variation	Na	1.4	5.8	-2.8	-5.3	11.4
Nominal per Share	**4.39**	**5.47**	**6.19**	**6.55**	**6.76**	**7.49**

The Company is subject to credit risk with respect to its investments. The Company and its Investment Manager seeks to mitigate credit risk by actively monitoring the Company's portfolio of investments and the underlying credit quality of its holdings. The Company's multi-asset class investment strategy is founded on diversifying credit risk by pursuing investments in assets that are expected to generate cash flows from underlying portfolios that have at the time of purchase, in aggregate, diverse characteristics such as low historical default rates and/or high expected recovery rates in the event of default and/or significant granularity.

The Company may invest in total return swaps, credit default swaps and other derivatives with various financial institution counterparties for purposes of securing investment exposure to portfolios of diverse underlying reference obligations. The Company is exposed to counterparty credit risk in respect of these transactions and the Investment Manager employs various techniques to limit actual counterparty credit risk.

Substantially all of the cash held by the Company is held at Deutsche Bank AG, London Branch ("Deutsche Bank"). Bankruptcy or insolvency by Deutsche Bank may cause the Company's rights with respect to the cash held at Deutsche Bank to be delayed or limited. The Company monitors its risk by monitoring the credit rating of Deutsche Bank, as reported by Standard and Poor's, Moody's or Fitch and analyses any information that could imply deterioration in Deutsche Bank's financial position.

The Company may have more than 20% of its gross assets invested in the instruments of one or more special purpose vehicles. The Company's investment guidelines establish criteria for synthetic arrangements entered into by the Company and require specific Board approval for investments in excess of certain limits. Those criteria, and Board approval for synthetic arrangements, are intended to limit the investment risk of the Company. Shareholders should, however, be prepared to bear the risks of direct and indirect investment in special purpose structured finance vehicles and arrangements, which often involve reliance on techniques intended to achieve bankruptcy remoteness and protection through security arrangements that may not function as intended in unexpected scenarios.

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

CREDIT RISK (INCLUDING COUNTERPARTY RISK) (CONTINUED)

Further information regarding the credit quality of the Company's investments are as presented in tables 2, 3, 4 and 5 and paragraphs as annotated within the Investment Manager's Report.

RISK RELATING TO DERIVATIVES

The Company's transactions using derivative instruments and any credit default or total return swap arrangements or other synthetic investments entered into by the Company or any of its funding vehicles may involve certain additional risks, including counterparty credit risk. Moreover, as referred to in the preceding paragraph, the Company has established criteria for synthetic arrangements that are intended to limit its investment risk. Certain derivative transactions into which the Company may enter may be sophisticated and innovative and as a consequence may involve tax or other risks that may be misjudged.

CONCENTRATION RISK

The Company may be exposed at any given time to any one Corporate Credit, counterparty, industry, region, country or any given services or asset manager (in addition to the Investment Manager) and may therefore be exposed to a degree of concentration risk. The Company monitors the concentration of its portfolio and from time to time, as long as market liquidity permits it to do so, might rebalance its investment portfolio accordingly, although there can be no assurance that it will succeed.

Indeed, considering the fact that assets are purchased in order to generate cash flows on a long-term horizon and that most of the Company's assets are significantly illiquid, the difference in market and credit performances of the various assets bought by the Company may combine to increase the concentration of the portfolio.

In such a stressed situation, characterised by high volatility in the value of the Company's assets and/or significant changes in the market expectation of default rates, the ability of the Company to mitigate its concentration risk could be significantly affected for liquidity reasons.

As at the reporting date, the Company's exposures were concentrated in the following asset classes:

Asset classes		As at 31 January 2012 %	As at 31 July 2011 %
Corporate Credit	First loss tranches	8.5	7.6
	Mezzanine tranches	11.0	8.0
CDO	Residual tranches of CLOs	28.9	29.3
	Mezzanine tranches of CLOs	43.4	44.2
	CDO of ABS	1.8	1.8
ABS		3.7	3.5
Cash		2.7	5.6

The table above shows the asset allocation based on mark-to-market prices (based on GAV). As at 31 January 2012, GAV amounted to €139.8 million (31 July 2011: €145.2 million). The valuation of each asset class takes into account the valuation of the individual assets and of the derivatives hedging the asset class. Figures do not add up to 100% due to rounding.

RE-INVESTMENT RISK

Some of the Company's investments, (e.g. ABS, including mortgage-backed securities, and leveraged loans), may be particularly sensitive to the interest rate environment, with a general decline in prevailing rates of interest tending to promote faster rates of repayment of fixed-rate obligations. Unexpected accelerations in the rate of repayments can cause the value of such investments to decline and may leave the Company with excess cash to re-invest in a low interest rate environment. One virtue of having a multi-asset class strategy is that the flexibility exists to reallocate among asset classes in such cases.

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Most of the assets in which the Company invests are illiquid. Changes in market sentiment may make significant portions of the Company's investment portfolio rapidly more illiquid, particularly with regard to types of assets for which there is not a broad well-established trading market or for which such a market is linked to a fewer number of market participants. Portfolio issuers and borrowers may experience changes in circumstance that adversely affect their liquidity, leading to interruptions in cash flows. The Company can seek to manage liquidity needs by borrowing but turns in market sentiment may make credit expensive or unavailable. Liquidity may also be addressed by selling assets in the Company's portfolio but selling assets may in some circumstances be significantly disadvantageous for the Company or even almost impossible if liquidity were to disappear for the Company's assets.

Liquidity risk is analysed by the Investment Manager on a daily basis and is communicated and monitored by the Board through the quarterly business report. This is demonstrated by the Investment Manager's decision to invest in several short-term European ABS assets in order to enhance cash management. A decision was also made to sell assets to improve the Company's capability to generate cash flows to diminish the risk that adverse scenarios could negatively affect liquidity.

MATURITY PROFILE

The following tables show the legal maturity of the securities.

Maturity profile as at 31 January 2012

	Within one year €	One to five years €	Over five years €
Financial assets			
Cash and cash equivalents	**2,645,982**	**—**	**—**
Available-for-sale securities	**5,699,676**	**14,611,641**	**103,078,548**
Financial assets at fair value through profit and loss	**—**	**8,250,563**	**—**
Trade and other receivables	**4,646,051**	**—**	**—**
Derivative contracts	**1,758,945**	**(361,394)**	**—**
	14,750,654	**22,500,811**	**103,078,548**
Financial liabilities			
Trade and other payables	**(2,396,516)**	**—**	**—**
	(2,396,516)	**—**	**—**

Maturity profile as at 31 July 2011

	Within one year €	One to five years €	Over five years €
Financial assets			
Cash and cash equivalents	8,877,091	—	—
Available-for-sale securities	5,141,722	14,802,184	105,040,887
Financial assets at fair value through profit and loss	—	6,203,728	—
Derivative contracts	(458,310)	836,153	—
Trade and other receivables	4,779,231	—	—
	18,339,734	21,842,065	105,040,887
Financial liabilities			
Trade and other payables	(2,655,514)	—	—
	(2,655,514)	—	—

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

RISKS RELATING TO LEVERAGED EXPOSURE

The Company's investment strategy involves a high degree of exposure to the risks of leverage. Investors in the shares must accept and be able to bear the risk of investment in a highly-leveraged investment portfolio.

CAPITAL RISK MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the Company. The Company's capital is represented by the ordinary shares, share premium account, other distributable reserves and accumulated loss reserve. The capital of the Company is managed in accordance with its investment policy, in pursuit of its investment objectives. The Company seeks to attain its investment objectives by pursuing a multi-asset class investment strategy, although investments made during the period were predominantly concentrated in assets leveraging Corporate Credit exposures. The investment strategy focuses on direct and indirect investments in, and exposures to, a variety of assets selected for the purpose of generating cash flows for the Company. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's current general objective is to pay, to the extent possible and reasonable, a dividend of approximately 10% per annum of the Company's net assets excluding cash at the end of the relevant period.

There were no changes in the Company's approach to capital management during the semi-annual period.

22. RELATED PARTY DISCLOSURE

TRANSACTIONS WITH DIRECTORS AND THE INVESTMENT MANAGER

For disclosure of Directors' remuneration, please see Note 8. As at the period end, Directors' fees to be paid in cash of €47,250 (31 July 2011: €66,150) had been accrued but not paid. Directors' fees to be paid in shares of €20,250 (31 July 2011: €28,350) had been accrued but not paid and Director's expenses of €276 (31 July 2011: €Nil) had been accrued but not paid.

As at 31 January 2012, the Directors of the Company controlled 0.86% (31 July 2011: 0.76%) of the voting shares of the Company.

Under the Investment Management Agreement, the Investment Manager is entitled to receive a management fee from the Company at a rate of 1.5% per annum of the portion of the Company's NAV that is less than €200,000,000 and 1.75% per annum on the portion of the NAV that is greater or equal to €200,000,000, calculated for each semi-annual period ending on 31 July and 31 January each year on the basis of the Company's NAV at the end of the preceding period and payable semi-annually in arrears.

During the period the management fees accrued were €987,749 (semi-annual period ended 31 January 2011: €671,913; semi-annual period ended 31 July 2011: €951,448). Fees accrued outstanding as at 31 January 2012 were €987,749 (31 July 2011: €951,448).

"Performance" for any semi-annual period is defined as the difference, positive or negative, between the Distribution Income and the hurdle amount for that semi-annual period. The hurdle amount is currently calculated at a rate of 8% per annum (4% per semi-annual period) on the weighted average number of shares outstanding at their weighted average issue price. If the performance of the Company for a semi-annual period is positive and the aggregate of the performance for such period and the performance for the three previous semi-annual periods (the "Underperformance Measure Period") is also positive, the Investment Manager will be entitled to receive an incentive fee of 25% of the amount of the lower of (i) the performance for the semi-annual period, and (ii) the aggregate of the performance for the semi-annual period and the performance for the Underperformance Measure Period, less any incentive fees previously payable with respect to the Underperformance Measure Period. If an incentive fee is payable, 50% of any such fee is payable in cash and 50% is payable in the form of newly issued Class C shares, which are recognised in equity immediately upon issue. During the period there was a reversal of incentive fees in the amount of €321,791 (semi-annual period ended 31 January 2011: 439,857; semi-annual period ended 31 July 2011: €949,153). The total fees accrued were outstanding as at 31 January 2012 and as at 31 July 2011. There was an over accrual of incentive fees in the year ended 31 July 2011, which led to a decrease in the incentive fee expense for the current period.

22. RELATED PARTY DISCLOSURE (CONTINUED)

TRANSACTIONS WITH DIRECTORS AND THE INVESTMENT MANAGER (CONTINUED)

As stated in the Investment Manager's Report, the Investment Manager also acts as Investment Manager for ten of the Company's investments (ARIA III, Jazz III CDO (Ireland) PLC Subordinated Notes, Adagio III CLO PLC Class E Notes, Adagio III CLO PLC Class C Notes, Jazz III CDO (Ireland) PLC Class A-1 Notes, Jazz III CDO (Ireland) PLC Class C Notes, Oryx European CLO B.V., Adagio II CLO PLC Class D Notes and Prelude Credit Alpha PLC), earning investment management fees for so doing directly from these investment vehicles as well as from the Company.

However, with respect to ARIA III, Bank Capital Opportunities Fund, Cadenza and the original purchases of first loss tranches of Jazz III, there is no duplication of investment management fees as adjustment for these investments is made in the calculation of the Investment Management fees payable by the Company.

All other investments in products managed by the Investment Manager were made by way of secondary market purchases on a bona fide arm's length basis from parties unaffiliated with the Investment Manager. Therefore, the Company pays Investment Management fees with respect to these investments calculated in the same way as if the Investment Manager of these deals was an independent third party.

As at 31 January 2012, AXA Group Investors and AXA Assurances Vie Mutuelle held together 28.42% (31 July 2011: 28.50%) of the voting shares in the Company. Funds managed by AXA IM for third party investors own 5.82% (31 July 2011: 5.85%) of the voting shares in the Company. AXA IM does not hold any voting shares in the Company for its own account as at 31 January 2012.

23. COMMITMENTS

As at 31 January 2012 the Company had no outstanding commitments linked to previous investments.

24. SUBSEQUENT EVENTS

Since the end of the semi-annual period ended 31 January 2012, as largely anticipated by the Company, one credit event affected credit markets and the Company. This was the restructuring of Greek sovereign debt, which was already priced in the GAV and the condensed interim financial statements.

When having to make assumptions at the end of January 2012 for the purpose of establishing the financial statements and reports of the Company, Volta decided to take into account the special situation of two of its assets, ARIA III and JAZZ III, regarding their exposure to Greece and Alpha Bank (see detailed exposure in Section 4 of the Investment Manager's Report). Since the end of January 2012, the CDS of Greece has triggered but not the one of Alpha Bank.

When establishing the accounts and reports, the recovery of Greek sovereign debt CDS exposures through ARIA III and Jazz III was estimated at 25%. At the time of writing this comment, market estimates of such recovery is between 21% and 23%. The difference between the end of January estimate and current estimates is non-material for Volta.

As outlined above, Alpha Bank had not defaulted at the time of writing this comment, but these financial statements have been prepared under the hypothesis that this name would have defaulted. Considering the low exposures to this name through ARIA III and JAZZ III and the still high probability, according to the market spread of this name at the time of writing this comment, this change (the fact that Alpha Bank has not defaulted) does not materially affect Volta's financial statements. If it were to be confirmed that Alpha Bank avoids default in the coming weeks or months, cash flows to be received from ARIA III and Jazz III relative to projected cash flows used to establish Volta's condensed interim financial statements at the end of January 2012 would be slightly, but non-materially, higher.

Since the end of January 2012, even with the occurrence of Greece's event of default, Volta's GAV increased from €4.52 per share to €4.79 per share at the end of February 2012, confirming that such credit event was priced in.

Since the end of January 2012 the Company has not purchased nor sold any assets, keeping cash received from its assets to make the dividend payment in April.

24. SUBSEQUENT EVENTS (CONTINUED)

Corporate Credit

Apart from Greece restructuring, no other credit events have occurred within the Company's portfolio subsequent to the period end and the financial situation of the positions held by the Company in this category is unchanged to the one described in the Investment Manager’s Report, or already disclosed through the most recent monthly reports. It should be noted that the assets in this bucket have significant exposures to banks through CDS (generally to subordinated debt in Europe and to senior debt in the USA).

ABS

No material events have occurred subsequent to the period end and the financial situation of the positions held by the Company in this category is unchanged relative to that described in the Investment Manager’s Report.

CDO

Some credit events, particularly in the US loan market, have continued to negatively impact most of the Company’s CDO positions, but both the pace and the magnitude of such credit events have, so far, not been materially different from what was expected at the end of the year. Consequently, the financial situation of the residuals positions and of the mezzanine tranches held by the Company has not materially changed relative to that described in the Investment Management Report.

DISTRIBUTION INCOME CALCULATION (UNAUDITED)

FOR THE PERIOD ENDED 31 JANUARY 2012

Distribution Income ("DI") is a non-IFRS financial measure that was devised at the Company's inception to express the Company's intentions with respect to the distribution of dividends. Other companies may define DI or similar terms differently. It should be noted that the Company no longer uses DI to determine its dividend policy.

The calculation of DI for the year is set out below. An explanation of the Company's definition of DI, together with certain related information, is stated below.

CALCULATION

	1 August 2011 to 31 January 2012	1 August 2010 to 31 January 2011
Net IFRS profit per the Income Statement	16,009,656	18,640,398
Less: income from available-for-sale securities – effective interest income and dividend income per IFRS financial statements	(10,532,260)	(8,653,688)
Less: income from available-for-sale securities – recognition of revised cash flow estimates per IFRS financial statements	(2,282,931)	—
Less: income on investments at fair value through profit or loss per IFRS financial statements	(1,664,080)	(1,518,487)
Add: income from available-for-sale securities – effective interest income and dividend income per DI, incorporating adjustments for impaired and improved assets	9,965,203	8,154,861
Add: income from available-for-sale securities – recognition of revised cash flow estimates per DI, incorporating adjustments for impaired and improved assets	1,614,678	—
Add: income on investments at fair value through profit or loss	1,083,010	765,319
Less: realised gains on disposals and/or redemptions per IFRS financial statements	(161,591)	(664,563)
Add: realised gains on disposals and/or redemptions per DI	161,591	664,563
Less: net reversals of impairments per IFRS financial statements	(754,151)	(10,515,886)
Add: net reversals of impairments per DI	433,933	6,059,123
Add/(less): unrealised (loss)/gain on revaluation of investments held at FVTPL	2,609,474	(192,841)
(Less)/add: unrealised (gain)/loss on foreign exchange retranslation of available-for-sale securities and investments at fair value through profit or loss	(6,278,383)	2,444,876
Add/(less): unrealised loss/(gain) on revaluation of derivatives	1,150,292	(1,949,893)
(Less)/add: deferral of net foreign exchange derivatives	(106,481)	298,915
(Less)/add: (over accrual)/accrual of incentive fees for the (prior period)/period	(321,791)	439,857
Distribution Income	10,926,169	13,972,554

OBJECTIVE OF DI CALCULATION

As referred to above, the Company's IPO Prospectus dated 4 December 2006 described DI as "a non-GAAP financial measure that has been devised to express the Company's intentions with respect to the distribution of dividends". However, since the date of the Prospectus, the Company's circumstances have changed such that DI is currently no longer relevant with respect to this principal purpose, as described in the annual report for 2010. However, DI remains relevant for the purpose of calculation of the Investment Manager's incentive fee, if any, as described in Note 22 (Related Party Disclosure).

When the Company's Prospectus was published the market environment was significantly different from both the current market environment and the market environment experienced during the period since the occurrence of the credit crisis in 2008. Consequently, although it was intended to give comprehensive guidance as to how DI should be calculated in all foreseeable circumstances, the definition of DI in the Prospectus has proven to be inadequate to provide definitive and practicable guidance as to how DI should be calculated in all circumstances that have subsequently arisen.

Accordingly, the Board determined that it would be in the interests of all parties if the DI calculation process could be both better defined and simplified, whilst still observing the Board's interpretation of the original intention, or "spirit", of the DI calculation as defined in the Prospectus. The Board has applied the following principles and interpretations in the DI calculation for the period ended 31 January 2012 and intend to continue to do so consistently in all future periods.

OBJECTIVE OF DI CALCULATION (CONTINUED)

In the opinion of the Board, the principal objective of the DI calculation is to measure the Investment Manager's performance on a basis that smoothes the returns from its investments insofar as is possible, mainly by eliminating the volatility that might arise in the Company's IFRS financial statements from measuring its investments at fair value rather than at amortised cost. Accordingly, where it is both practicable and prudent to do so and where it does not result in unnecessary complexity that might result in unnecessary expense to the Company, the Board has resolved to calculate DI for any relevant calculation period on the basis described below.

DI DEFINITION AND DI CALCULATION METHODOLOGY

For the majority of items recognised in DI, the methodology adopted is approximately equivalent to calculation on an amortised cost basis in accordance with the rules and guidance set out under IFRS. However, the Board will depart from such IFRS rules and guidance in order to try to achieve the principal objective of the DI calculation, where the Board considers it either prudent or more practical to do so.

The Board has determined that DI should normally include all net realised gains and losses but should normally exclude all net unrealised gains and losses, other than impairment losses (which for this purpose may be regarded as being equivalent to realised losses) and revised cash flow estimates recognised on available-for-sale debt securities (which for this purpose may be regarded as being equivalent to realised gains or losses, as applicable).

Where realised gains and/or losses result from sales of investments, all significant sales will be subsequently reviewed by the Board and explanations shall be obtained from the Investment Manager for any sales that resulted in a significant gain in order to try to ensure that no conflict of interest arose for the Investment Manager when considering any such sales. All net settled income/expense on derivative transactions will ordinarily be treated as realised gains/losses on such transactions, whilst any revaluation gains/losses on derivative transactions will ordinarily be treated as unrealised gains/losses on such transactions. However, any significant amounts paid/received during the period on derivative transactions might be considered by the Board to represent unrealised gains/losses and may be partially or totally excluded from DI at the Board's discretion.

Items ordinarily included in DI, unadjusted from the figures reported in the Company's Income Statement prepared in accordance with IFRS, include the following:

(a) deposit interest income;

(b) income on available-for-sale securities and investments at fair value through profit or loss that is neither impaired nor adjusted as a result of revised cash flow estimates;

(c) net income/expense from interest rate swaps;

(d) net income/expense on settlement of forward foreign exchange swaps and exercise of foreign exchange options;

(e) operating expenditure (excluding Investment Manager incentive fees, if any, for the period);

(f) net foreign exchange gains/losses on other assets; and

(g) net realised gains/losses on sales and redemptions of investments that are neither impaired nor adjusted as a result of revised cash flow estimates (which will include the amount of any such gains or losses that were previously recognised in prior periods as unrealised gains or losses).

Items ordinarily included in DI, as adjusted from the figures reported in the Company's Income Statement prepared in accordance with IFRS in accordance with the methods described below, are as follows:

(h) income on available-for-sale securities and investments at fair value through profit or loss that is either impaired or adjusted as a result of revised cash flow estimates;

(i) impairments and/or reversals of impairments on available-for-sale securities and investments at fair value through profit or loss;

(j) revised cash flow estimates recognised on available-for-sale securities and investments at fair value through profit or loss;

(k) net realised gains/losses on sales and redemptions of investments that are either impaired or adjusted as a result of revised cash flow estimates (which will include the amount of any such gains or losses that were previously recognised in prior periods as unrealised gains or losses); and

DI DEFINITION AND DI CALCULATION METHODOLOGY (CONTINUED)

(l) net income/expense on foreign exchange option premiums amortised during the period.

Items ordinarily excluded from DI, unadjusted from the figures reported in the Company's Income Statement prepared in accordance with IFRS, are as follows:

(m) net unrealised gains/losses on revaluation of all derivatives;

(n) net gains/losses on revaluation of financial assets at fair value through profit or loss;

(o) net foreign exchange gains/losses on retranslation of available-for-sale securities; and

(p) investment Manager Incentive Fees, if any, for the period.

Notes:

(b) and (h): Income on available-for-sale securities and investments at fair value through profit or loss that are neither impaired nor adjusted as a result of revised cash flow estimates is calculated in the same way in both the IFRS financial statements and the DI calculation. However, subsequent to impairment/adjustment as a result of revised cash flow estimates, effective income is measured at the rate used to measure the impairment/adjustment. As described below, the IRRs used to measure such impairments/adjustments differ between IFRS and the DI calculation. Consequently, the IRRs used to measure effective income subsequent to impairment/adjustment differ between IFRS and the DI calculation as described below.

(c): Net income from interest rate swaps will normally include all amounts received and paid under interest rate swap agreements, whether in accordance with the terms of such swap agreements, or upon termination or assignment thereof.

(d): Net income/expense on settlement of forward foreign exchange swaps and options will normally include: all option premiums paid/received; all settlement amounts received/paid on exercise of such options; all settlement amounts received/paid on maturity of forward currency contracts.

(f): Net foreign exchange gains/losses on other assets normally consists primarily of foreign exchange gains/losses on retranslation of cash balances. Consequently, the Board considers such gains/losses to be similar in nature to realised gains/losses and that they should be included in DI. Where net foreign exchange gains/losses on other assets includes significant amounts relating to retranslation of other assets and/or liabilities, the Board will normally include in DI all such gains/losses that relate to short-term assets and/or liabilities, on the basis that such gains/losses are also similar in nature to realised gains/losses. However, the Board may exclude any such gains/losses that relate to long-term assets and/or liabilities at its discretion.

(g) and (k): Net realised gains/losses on sales and redemptions of investments will include all net gains/losses resulting either from sales, redemptions at maturity or early redemptions of investments and will be computed by taking the difference between the proceeds received and the amortised cost ("AC") at the date of sale/redemption. For assets that are neither impaired nor adjusted there will be no need to adjust the figure reported in the IFRS P&L account. For assets that are either impaired or adjusted, the figure reported in the IFRS P&L account will be adjusted such that the gain or loss will be computed by taking the difference between the proceeds received and the AC per the DI calculation at the date of sale/redemption.

(i): Impairments and/or reversals of impairments on available-for-sale securities and investments at fair value through profit or loss are measured as the difference between the AC per the DI calculation and the NPV of expected future cash flows discounted at the original IRR. Subsequent to impairment, effective income is measured at the rate used to measure the impairment, i.e. the original IRR.

(j): Adjustments resulting from revised cash flow estimates on available-for-sale securities and investments at fair value through profit or loss are measured as the difference between the AC per the DI calculation and the NPV of expected future cash flows discounted at the revised projected cumulative IRR. Subsequent to adjustment, effective income is measured at the rate used to measure the adjustment, i.e. the revised projected cumulative IRR.

(l): Foreign exchange option premiums received/paid are amortised on a straight line basis from the trade date until the expiry or exercise date.

DI DEFINITION AND DI CALCULATION METHODOLOGY (CONTINUED)

This measurement basis represents a significant departure from the amortised cost basis under IFRS. In the Board's opinion, measurement of adjustments resulting from revised cash flow estimates on an amortised cost basis under IFRS would result in short-term volatility in the DI calculation and would therefore not achieve the objective of smoothing the returns expected from the Company's investments. Consequently, the Board considers that it is prudent to depart from the amortised cost basis under IFRS when measuring adjustments resulting from revised cash flow estimates.

REPORTING

In addition to the disclosures required by IFRS, the Company will disclose in its interim and annual financial statements a calculation of Distribution Income.

IMPAIRMENT AND/OR RECOGNITION OF REVISED CASH FLOW ESTIMATES ON AVAILABLE-FOR-SALE DEBT SECURITIES

In assessing impairment and/or recognition of revised cash flow estimates for the purposes of determining DI, the Company will review or cause the Investment Manager to review on a semi-annual basis a set of assumptions (e.g. default rates, prepayment rates, recovery rates) for each asset. These assumptions (the "Projected Cash Flow Assumptions'') are used to determine the expected cash flows from such asset and are compared with the assumptions that were used to determine the effective interest rate of the asset at the time of purchase. For the avoidance of doubt, the discount rate will be the projected effective yield at the time of purchase of any asset. These assumptions will be, or will have been, generated by the Investment Manager.

The Company will use reasonable endeavours to obtain on a semi-annual basis a confirmation from an independent third party that the Projected Cash Flow Assumptions for each asset are reasonable. The Investment Manager has agreed in the Investment Management Agreement that, where the independent third party has a view that differs from that of the Investment Manager, the Investment Manager will consult with that party to determine the source of the disagreement and will then determine whether such differences can be resolved and report its findings to the Company. When and where required, the Company has received confirmation from an independent third party that, as of 31 January 2012, the Projected Cash Flow Assumptions for each asset are reasonable. Where the Company is not able to attain such third party confirmation, it will disclose that fact in its next interim or annual report.